

FINANCIAL TIMES

WEEKEND FEBRUARY 6/FEBRUARY 7 1993

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Europe's Business Newspaper

Shipyard workers
begin indefinite
strike over pay

Workers at the Yarrow warship yard on Clydeside have begun an indefinite strike for the first time since 1985. The 1,300 strikers rejected the company's two-year pay offer of a £200 lump sum immediately and a 3.8 per cent rise in July in exchange for changes to working practices. The yard, owned by Britain's General Electric Company, has orders for five Type 23 frigates for the Royal Navy and two for the Malaysian navy. Page 22

Zaire PM sacked Zaire's President Mobutu Sese Seko sacked reformist prime minister Etienne Tshisekedi, with whom he is locked in a power struggle, blaming him for riots which killed at least 30 people.

Ford demands no bail-out for Daf Truck maker Ivec Co Ford called on the government not to bail out beleaguered Anglo-Dutch commercial vehicle maker Daf, claiming that £750m of debts had been written off by the government, when Daf took over Leyland Vehicles in 1987. Page 22

Wall Street leads London rally

FT-SE 100 Index
Hourly movements
2,900
2,880
2,860
2,840
2,820
2,800
1 Feb 1993 5
Page 13, Markets,
Weekend II

British Coal heads for confrontation British Coal's calls for longer shifts and weekend working to save many of the 30 pits threatened with closure look set to antagonise the National Union of Mineworkers, which is strongly opposed to changes in work organisation. Page 4

Japan may seek imports Japan said it may further stimulate its economy to attract imports as a result of a 6.1 per cent rise in its current account surplus last year to a record \$117bn (£77.4bn). Page 3

Borsa reschedules loans Construction company Borsa Group announced a rescheduling of its short-term borrowings on a three-year basis. Chairman Peter Borsa said the move reflected the banks' confidence in the group's long-term future. Page 8

Teachers to vote on tests boycott The second largest teachers' union, NUSAWT, is to ballot its 127,000 members on a boycott of national curriculum tests this year. The tests are due to be sat by all seven and 14-year-olds in state schools. Page 4

Involvements rise The number of personal involvements jumped 44 per cent to 36,734 last year compared with 1991. Company involvements grew 12 per cent during the year to 24,224. Page 4

Private housing starts down 10 per cent The number of new homes started by private housebuilders last year fell 10 per cent compared with 1991 to below 121,000. Page 4

Fewer US jobless US unemployment fell to 7.1 per cent, the lowest level in a year, because of the economy's faster growth. Page 22

Salmon to be destroyed More than 500,000 salmon worth up to £10m are to be destroyed in the Shetland Islands following the Braer tanker disaster last month. Oil tanker operators endorse new code. Page 4

Lord Bernstein of Leigh, president of the Granada group and founder of Granada Television, died aged 94. Obituary, Page 8

Who is following Mercedes down the small car route? This concept car from a European manufacturer noted for luxury cars could be on the road before the end of the century. Page 2

FT STOCK MARKET INDICES
FT-SE 100
Yield 2,882.8 (-3.0)
London 1,407.3
FT-SE Banktrack 100 1,123.82 (+16.17)
Nikkei 17,332.82 (+14.227)
New York 4,384.65 (+18.72)
Dow Jones Ind Ave 3,436.45 (+18.72)
S&P Composite 446.70 (-0.88)
2,800 2,820 2,840 2,860 2,880 2,900 1 Feb 1993 5

FT US LUNCHTIME RATES
Federal Funds 2.75%
3-mo Trea Bill Yld 2.877%
Long Bond 10.82%
Yield 7.945%
2,800 2,820 2,840 2,860 2,880 2,900 1 Feb 1993 5

London Money
3-mo Interbank 8.15% (Same)
Life Insf off future Mar 1993 (Mar 101.5)
2,800 2,820 2,840 2,860 2,880 2,900 1 Feb 1993 5

FT Gold
Brent 15-day March \$318.50 (16.58)
New York Comex (Feb) \$329.50 (32.0)
London \$328.50 (321.5) Tokyo close Y 284.75

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Assorted jets for sale in Ukraine arms bazaar

By Chrystia Freeland in Kharkov

MR EVGENY BLINKOV sits at his desk equipped with western-made computers, fax machines and telephones, negotiating with three buyers.

He is offering for sale what brokers believe is the most extensive array of Soviet-made military hardware to be put up for private dealers.

Mr Blinkov is director of the Ukrainian-Siberian Commodities Exchange which used to sell commodities such as oil and grain. These days, the exchange

has fallen on hard times, which is why it has had to turn to less conventional merchandise.

One buyer is from the Americas, another from Europe and there is a mystery purchaser from within the former Soviet Union but ostensibly representing foreign interests.

Yesterday Mr Blinkov's list of jets included new Sukhoi Su-27 fighter jets (one careful owner) offered for a mere \$31m (£20.5m) each or, for the budget-conscious, the more modest Su-25 model at \$11.9m. Twenty-seven older MiG-29s

are also available for \$16m apiece. For naval powers, there are two new diesel-powered submarines, going for between \$20m and \$15m each. Buyers interested in shooting down aircraft can purchase a Zenith anti-aircraft system for \$65m.

"If this sale is successful, then I think we can expect to receive further offers," Mr Blinkov said. "There are 15 former Soviet republics and all of them have weapons." He said that an agent from the Baltic republics had already contacted the exchange with a request to

arrange another arms sale. "For us, the more buyers, the better," Mr Blinkov said. "I think we will be able to sell all of the weapons."

The only conditions of sale are that the weapons should be sold outside the Commonwealth of Independent States, that the buyer be licensed within his own country to deal in arms and that the buyer present proof of his ability to pay.

However, Mr Blinkov admits: "I, of course, do not care who the buyers actually represent."

"This is enough to arm an entire nation," a promotional leaflet cheerfully proclaims about the hardware on offer. Officials at the exchange say more than \$2bn worth of weapons are up for sale.

The arms sale in Kharkov, which will accept bids until the end of the month and has already conducted two smaller arms trades, is just one sign of the growing availability of sophisticated Soviet military hardware to private buyers.

A few smaller-scale arms sales have

Continued on Page 22

Ministers will be able to float radical ideas

Spending review
to examine basis
of welfare stateBy Ralph Atkins
and Peter Norman

THE GOVERNMENT'S planned review of public spending priorities will look at all principles of the welfare state — however politically sacred — Whitehall officials said yesterday.

Mr Michael Portillo, the Treasury chief secretary, is expected to launch soon, probably next week, the most fundamental reassessment of spending in areas such as state benefits, health and housing since the early 1980s.

Ministers will be able to float radical ideas — such as the proposal gaining attention in Westminster for "contracting out" unemployment benefit for many workers to private insurance.

Conservative manifesto commitments on preserving universal child benefit and the basic state pension could also be rethought by the next election. Pledges will be honoured until then, however.

"It is an exercise in good house-keeping, asking awkward questions and looking for value for money," said one Treasury aide. "The unthinkable can be thought — but that doesn't mean you are going to do anything about it."

Mr Gordon Brown, Labour's Treasury spokesman, last night

warned that the Tories were in danger of provoking "a wave of anger" throughout the country if promises made in 1992 "become the betrayals of 1993."

Mr Portillo will hope that the announcement will help restore the confidence of financial markets in government economic policy.

Public sector borrowing is widely forecast to reach \$50bn in the next financial year and rise even higher in subsequent years, severely curbing the scope for tax increases.

Eventually the review, expected to last the life of the current parliament, will cover all Whitehall departments but Mr Portillo will focus initially on the biggest spenders in a series of ministerial meetings with ministerial colleagues.

Mr Peter Lilley, social security secretary, has said he is prepared to listen to all ideas — although his department is at present preoccupied with legislation to equalise male and female retirement ages and on pension regulation. The social security

budget has grown by a quarter in real terms over the past eight years. Contributory benefits, such as unemployment benefit, are likely areas for study, along with fast-growing or expensive benefits such as disability payments and child benefit.

Unlike the last review under Sir Geoffrey (now Lord) Howe, the former chancellor, after the 1979 general election, there will be no target in terms of expenditure cuts but the aim will be to keep downward pressure on public spending. The Treasury believes many areas of government spending have been largely ignored over the last decade.

Last year Mr Norman Lamont, the chancellor, ended the system of negotiating public spending bilaterally with departments in favour of a system in which a "control total" is agreed by cabinet in advance — and then spending plans trimmed to fit.

The review is a logical development of that process, the Treasury believes.

Since the Conservatives came to power in 1979, health spending in real terms has risen 55 per cent, transport spending by 28 per cent, law and order by 96 per cent and education by 25.5 per cent. Spending on housing has fallen in real terms but, at 26m, is still one of the larger budgets.

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The official said the emergence of a "fast track" grouping would most likely take the form of a single European currency.

Even such a move would pose political difficulties, notably how to keep the door open for EC countries with weaker currencies such as Spain with the peseta.

The most serious obstacle lies in the Bundesbank's long-standing scepticism about EMU and a similar scepticism about the ECB.

The comments from Mr Heseltine, who failed his final accountancy exams, brought a response of weary indignation from Britain's accountants, who have long laboured under the reputation of being boring and unimaginative.

He said: "In the UK we train

Continued on Page 22

NEWS: INTERNATIONAL

Bundesbank hails German pay deal

By Quentin Peel in Bonn

THE Bundesbank yesterday welcomed the 3 per cent public sector pay deal between the government and unions as a step in the right direction.

Mr Hans Tietmeyer, Bundesbank vice-president, said many Germans still had to adjust to the changed economic situation since German unification. "It is indisputable that our country is now living beyond its means," he said.

The deal was struck hours after the Bundesbank announced a surprise cut in interest rates in an attempt to ease pressures on the economy and tensions in the European exchange rate mechanism.

"It is even better news for the economy than the Bundesbank decision," said Mr Dieter Vogel, government spokesman.

But further evidence of the depth of the recession came with a sharp rise in unemployment in both east and west. Joblessness rose by 10 per cent across the country, up 222,200 in the west to 2,258m, and up 93,600 in the east to 1,194m – or almost 3.5m unemployed in the united economy.

The unemployment rate now stands at 7.4 per cent in the west, from 6.1 per cent a year ago, and 14.7 per cent in the

east – without including about 1.8m more workers in the east on job creation and retraining programmes.

The pay deal, struck late on Thursday night between the major public sector unions and the government, will affect 2.3m workers. It will be backdated to January 1 and is in line with the more optimistic expectations of economic observers. It could save a further DM3.7bn (£1.5bn) from public spending at all levels in 1993, according to the Finance Ministry.

In a television interview last night, Chancellor Helmut Kohl said he expected the next pay negotiations for 1.85m white-collar civil servants to be settled at "well under 3 per cent".

At the cabinet meeting, summoned to consider the gloomy annual economic report, which forecasts a decline in gross domestic product of up to 1 per cent, Mr Helmut Schlesinger, president of the Bundesbank, warned against excessive pessimism. He said the economy was facing a "cyclical downturn after 10 years of steady growth". As for the public sector pay deal, he said it was the "beginning of a change for the better" in pay policy.

In a separate speech, Mr Tietmeyer dismissed criticism that the Bundesbank move was either too premature – coming before any agreement in the government's promised solidarity pact – or too little, too late.

Stressing the bank's move not simply to cut its discount rate by 0.25 percentage points, and the Lombard rate by 0.5 points, but also to relax its minimum reserve requirements, he said the decisions were a reaction to "the changed internal and worldwide economic conditions, without endangering our stabilisation course... This was a necessary decision which neither endangers the fundamental policy of [monetary] stability".

Mr Tietmeyer gave firm support to the government's proposed savings package, while stressing that changes could be made, if they did not reduce the total volume of savings in the programme. It is intended to reduce public-sector spending by some DM20bn a year by 1995.

"Monetary policy cannot indefinitely compensate for the necessary adjustment in the public sector, without causing great damage both to our economy and to our partners in the European Monetary System," he warned.

Money market reform is welcomed by banks

By David Waller in Frankfurt

THE long-awaited cut in interest rates which the Bundesbank delivered on Thursday was less important than the accompanying measures to cut reserve requirements and introduce new short-term money-market instruments, a leading member of the German central bank's policy-making council said yesterday.

Playing down the significance of the 0.5 percentage-point cut in the Lombard rate and the 0.25 percentage cut in the discount rate to 9 and 8 per cent respectively, Mr Johann Gaddum said relaxation of minimum reserves and the restructuring of the money market would have profound consequences for the German financial industry.

Mr Gaddum said the measures would help the competitive position of the German

banking community. It has long complained about the reserve requirement which meant that for every DM100 (241.60) taken as a customer deposit, between DM4.15 and DM12 had to be lodged interest-free with the Bundesbank.

Under the new measures the Bundesbank has cut reserve requirements on time deposits and savings deposits from an average of 4.5 per cent to 2 per cent. Luxembourg, Belgium, Denmark and the Netherlands have no reserve requirements. They are just 1 per cent in France on most types of deposits and 0.35 per cent in the UK.

Mr Hermann Remsperger, chief economist at the BHF-Bank in Frankfurt, said the relaxation of reserve requirements was a "tremendous" measure of support for the German financial services industry. He said that upwards of DM200bn (533.3bn) in the Euro-

pean money markets could in future be deposited in the German banking system.

Mr Hans-Georg Engel, vice-president of J.P. Morgan in Germany and president of the Association of Foreign Banks in Germany, said the move was "an enormous step".

Shares in German banks rose strongly yesterday, helping to send the DAX index of 30 leading shares up 39.76 points to its year's high of 1,641.37, up 2.5 per cent. Deutsche Bank shares rose 5 per cent, Commerzbank's 4.5 per cent and Dresdner Bank's 5.7 per cent.

This in part reflected the interest rate cut. But investors were also encouraged by the belief that the reserve relaxation could be a substantial tonic to banks' profits, as they will get interest on DM20bn of deposits currently lodged interest-free at the Bundesbank.

Stock markets, Page 18

Cost of borrowing falls in France, Sweden and Ireland

By Alice Rawsthorn in Paris, Tim Coone in Dublin and Christopher Brown-Humes in Stockholm

FRANCE, Ireland and Sweden yesterday took advantage of Thursday's German interest rate cuts to ease their own cost of borrowing.

The Bank of France yesterday made a slight reduction in its overnight lending facility, to try to alleviate the financial pressure on the French banks and defuse the threat of a rise in base rates.

The cut in the overnight rate – from 11.9375 per cent to 11.825 per cent – was the second reduction in French short-term rates within a week.

It was part of the central bank's efforts to cut the borrowing costs of the commercial banks, which have been hit hard by the discrepancy

between market rates and their own base rates, which have been held at 10 per cent since mid-December.

Despite yesterday's cut in overnight rates, economists are sceptical about the chances of a significant reduction in French official interest rates until German rates have come down further and the Bank of France has had time to replenish its reserves, run down last month during its battle to protect the franc.

Tensions in the Dublin financial markets also eased yesterday as Ireland's Central Bank restored its short-term lending facility at 13.75 per cent, thereby cutting its minimum lending rate by a quarter of a point.

The STF is the peg by which the banks and building societies fix their commercial lending and mortgage rates. It was suspended last November.

TELEFONICA DE ESPAÑA, S.A.

1992 Interim Dividend

The Board of Directors of Telefónica de España, S.A. in its meeting held on January 27th, 1993, adopted the following resolution:

To distribute an interim dividend for the fiscal year 1992 to Telefónica shares that will be the following amount for each one of the shares indicated below:

Number of Shares Gross amount Net amount (pesetas per share)

926,959,151 25.00 18.75

It was also agreed that the payment of this dividend shall be carried out on February 17th, 1993, with charge to coupon number 141.

Madrid, January 27th, 1993

THE BOARD OF DIRECTORS

Telefónica

however, and replaced by an overnight advance facility which was used by the Central Bank as its main weapon to defend the punt against speculative attacks during the currency crisis.

Its restoration is a signal that liquidity and stability are returning to the Dublin market. The key one-month rate on the interbank market was down to 14 per cent yesterday, which the building societies have been saying is the level to which it must fall if mortgage rate increases are to be avoided.

In Stockholm the Swedish Riksbank, the country's central bank, lowered its key marginal overnight lending rate to 9.75 per cent from 10.5 per cent, with effect from February 9. The marginal interest rate has now fallen by 2.75 percentage points since Sweden floated the krona in November.

A fleet of 50 cars, adaptations of Ford's Crown Victoria model, are to undergo trials during a three-year evaluation programme in the US and Canada, during which several other utilities will also monitor the vehicles' operating costs, reliability and other data.

The Gas Research Institute and Southern California Gas are contributing \$11.5m to the project, with SocCalGas providing the main fueling infrastructure. It plans to open 51 refuelling stations by the end of this year, which will also cater to converted vehicles.

BMW has developed a small city car for urban commuting (pictured left), which could go into production in the second half of the 1990s as a radical departure from its traditional product policy, writes Kevin Done.

The German producer of high-performance executive and luxury cars plans to unveil a concept city car, code-named Z13, at the Geneva motor show next month, upstaging its arch domestic rival Mercedes-Benz, which last week said it planned to develop such a car for the late 1990s.

The BMW city car has been designed and developed for a "single" driver travelling alone in city traffic. The driver would sit in the middle of the car with a central steering wheel, but with two full-sized seats for possible passengers

seated half behind the driver in a clover-leaf formation.

The planned city car is powered by a 1.1-litre BMW motor-cycle engine mounted at the rear with a continuously variable automatic transmission.

At just over 11 ft it would be smaller than current small cars such as the Ford Fiesta or the Renault Clio, but would have a top speed of 112 mph and fuel consumption of 47-56 miles per gallon.

The car would have an aluminium frame and aluminium panels, and despite its small size BMW said it could include an airbag, air-conditioning, a mobile telephone, a computer controlled navigation system and a mobile fax machine.

The Z13 is a further sign that the German luxury car-makers are urgently seeking to move into new segments of the world car market.

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Clinton sees end to gridlock

President's first law was an easy one, reports George Graham

PRESIDENT Bill Clinton signed his first act of Congress into law yesterday, in a ceremony that he and his supporters said signalled an end to the gridlock that has pitted a Republican White House against a Democratic Congress for the past 12 years.

"Today marks the end of gridlock and a new beginning," said Vice-President Al Gore at a signing ceremony in the White House Rose Garden.

The Family Leave Act, which will require companies with more than 50 employees to allow workers up to 12 weeks of unpaid leave for the birth of a child or to take care

of a sick relative, was twice vetoed by President George Bush.

Washington gridlock, however, may prove harder to kill. The act was relatively uncontroversial, supported by a quarter of the Republicans in Congress; its impact on business is expected to be slight, as most people work for companies which are either too small to be covered by the law or already offer similar leave.

"This one was a very easy one. It's going to get a lot tougher when we get into health care and budget matters," said Sen Christopher Bond of Missouri, a leading Republican supporter

of the family leave bill.

Mr Clinton and his wife, who is in charge of the administration's healthcare reform project, have spent the past two weeks massaging Congress in a way that some observers say recalls President Lyndon Johnson.

The passage of the act shows the new administration may be able to win Republican support for some of its agenda – despite efforts by some Republicans to booby-trap the bill by linking it to Mr Clinton's controversial efforts to end the ban on homosexuals in the armed services.

Under the Senate's procedural rules, which are very

protective of the rights of the minority, the 41 Republicans

senators ought to be able to block any bill they object to.

In practice, however, there are few issues on which they will vote as a party.

Democrats, however, are no

more likely to respect the party whip, and some of Mr Clinton's toughest opposition may come from conservatives in his own party, such as Senator Sam Nunn, who has already made Mr Clinton dilute his position on gays in the armed forces, and may withhold support from his economic plans if they do not include a convincing assault on the budget deficit.

Under the Senate's procedural rules, which are very

Milken judge set for top job in Justice

By George Graham

In Washington

PRESIDENT Bill Clinton is reported to have selected Judge Kimba Wood to be attorney general, subject to final checks by the Federal Bureau of Investigation to make sure she does not create the same kind of problems that forced his first choice for the position, Ms Zoe Baird, to withdraw.

Ms Wood, a 49-year-old attorney who has been a federal district judge in New York since 1988, is best known for presiding over the trial of Mr Michael Milken, Drexel Burnham Lambert's junk bond specialist, for securities fraud.

Before becoming a judge, she represented the Lloyd's insurance market as an attorney for the New York firm of LeBow, Lamb, Leiby and MacRae.

Some more senior candidates for the position of attorney general, such as Judge Patricia Wald of the federal appeals court in Washington, have declined to make the move from the bench to the Justice Department.

Officials said Mr Clinton would not announce Ms Wood's nomination until FBI background checks had been completed. The process is being conducted carefully to ensure that no flaws, such as Ms Baird's admission that she had hired an illegal alien as a nanny, emerge during her confirmation hearings.

Although a White House spokesman said the president was angered by leaks of the candidates for the position, other officials indicated that Ms Wood's name, along with those of Mr Charles Ruff, a Washington lawyer, and Mr Gerald Baliles, a former governor of Virginia, was being widely circulated to test for reactions.

Tudjman confident ahead of Croat polls

By Laura Silber in Zagreb

RIDING high on the first Croat military victory over the Serbs in a disputed enclave, President Franjo Tudjman of Croatia is poised to tighten his lock on power in tomorrow's district elections.

Clashes between Serb and Croat forces in Krajina, the self-styled Serb state, yesterday appeared to ease after an upsurge of violence on Thursday.

Mr Tudjman and his Croatian Democratic Union look set to reap the rewards of the 14-day offensive when some 3m voters cast ballots for the upper house of the Croatian parliament.

The Croat push across UN lines into the Serbian enclave helped Mr Tudjman to silence any criticism from the opposition that he has been soft on Ser

Rise and rise of Japan's trade surplus

By Robert Thomson in Tokyo

JAPAN'S current account surplus rose 61 per cent last year to a record \$117bn (£77.4bn) prompting the government to suggest it may further stimulate the economy in an attempt to increase demand for imports and cut the highly sensitive trade surplus.

Tokyo fears the trade surplus, up 28 per cent to \$122bn, will draw criticism from the new US administration, which has indicated a tougher approach to the trade deficit

with Japan.

Exports rose 7.9 per cent and imports fell 2.6 per cent over the year, as domestic demand fell with the slowing of the economy. The finance ministry blamed the increase in exports on a stronger yen, but the figure also reflected a shift to higher value-added exports and the sustained international demand for Japanese quality.

For the month of December, the current account surplus was 10.4 per cent higher at \$11.45bn, a record for the month and the 21st consecu-

tive month of year-on-year increases. The trade surplus for the month rose 3.6 per cent to \$13.08bn.

Balance of payments figures for the year showed that foreigners' net purchases of Japanese stocks were \$8.5bn, compared to \$45.2bn in the previous year, suggesting that international investors have yet to regain confidence in the Tokyo stock market.

However, Japanese investors were net sellers of \$3bn in foreign stocks, against net purchases of \$3.6bn in 1991. The

turnaround highlights the retreat of Japanese money from international equity markets, though Japanese net purchases of foreign bonds were \$35.6bn, down from \$68.2bn in the previous year.

The long-term capital account showed a deficit of \$28.07bn for the year, compared to a surplus of \$37.06bn in 1991, while the overall balance of payments had a surplus of \$71.60bn, declining from the \$76.27bn recorded in the previous year.

Mr Mamoru Ozaki, the vice

finance minister, said Japan did not deserve criticism from trading partners because "we are not flooding other countries with exports" and destabilising the world economy. He said the reduction in the official discount rate from 3.25 per cent to 2.5 per cent on Thursday should reinforce economic growth.

But ministry officials admitted that the surplus will remain large for at least this year, as a recovery in the economy is unlikely before the second half.

Finance ministers of G7 to meet soon

By Peter Norman, Economics Editor

FINANCE ministers from the Group of Seven leading industrial countries are to meet soon, probably in London or Bonn.

The meeting is likely late this month or early March, with the February 27-28 weekend a strong possibility.

Mr Lloyd Bentsen, the new US treasury secretary, has pressed for a meeting before the next scheduled G7 gathering, at the end of April.

Mr Norman Lamont, the UK chancellor, is also keen for ministers to meet to discuss ways of boosting activity in the world economy. The bleak outlook in Japan and Europe is casting a shadow over the US upturn. The problems of Russia would probably be on the agenda.

The meeting would allow Mr Bentsen and Mr Yoshiro Hayashi, the new Japanese finance minister, to meet other members of the group.

The finance ministers' meeting would not be concerned with preparations for the next economic summit of G7 leaders from the US, Japan, Germany, Britain, France, Canada and Italy, which will be held in Tokyo from July 7 to 9.

Russia space offer

The head of Russia's space agency said yesterday he was willing to agree with the US and Europe a Russian quota of three commercial satellite launches a year, out of a world market of 15 to 16 launches a year. Leyla Boulton writes from Moscow. Mr Yuri Koptev said this would generate badly-needed income of \$200m a year. This indicates he would raise prices to western levels, to assuage fears of low-prices launches by Russia's Proton rocket.

UN backs Kuwait

The UN Security Council yesterday approved plans to deploy 750 UN troops on the Kuwaiti border with Iraq following several incidents last month. Michael Littlejohns writes from New York. They replace 350 unarmed observers.

Finnish decline

Finland's economy shrank 3.5 per cent in 1992, the second year of decline, following the collapse of trade with the former Soviet Union and recession in other export markets, Christopher Brown-Humes writes from Stockholm.

Patchy recovery for steel industry

By William Dawkins in Paris

THE recession-hit world steel industry can expect to see slow and patchy recovery, the Organisation for Economic Co-operation and Development (OECD) forecast yesterday.

Overall output and consumption should rise slightly this year, reversing two years of decline, according to the OECD's steel outlook for 1993.

It forecasts a 0.5 per cent rise

in OECD-wide production this year, a significant turnaround from a 3 per cent per cent fall in 1992. It foresees an even sharper improvement in consumption to 1.5 per cent from a 3.4 per cent fall in 1992.

Capacity was almost unchanged last year but will fall in 1993

thanks to cuts by several European steel makers.

The OECD thinks demand might rise sharply in the North American motor industry, thanks to the upturn in consumer spending in the region, and in construction in the US, Australia and Japan, helped by a rise in public infrastructure spending there. Demand for consumer durables and domestic appliances should also rise, especially in the US. Housing

BNL HQ 'knew of Iraq scandal'

By Alan Friedman in New York

SIX separate intelligence reports that were widely distributed inside the Bush administration suggested that the Rome headquarters of the Banca Nazionale del Lavoro (BNL) knew of billions of dollars of militarily-useful loans made to Iraq by BNL's Atlanta branch, according to a Senate report published yesterday.

The 160-page study by the Senate Intelligence Committee says that among the CIA reports - issued between August 1989 and February 1991 - one concluded that "man-

agers at BNL headquarters in Rome were involved in the scandal".

The Senate report also reveals that none of the relevant CIA information was provided to Department of Justice officials involved in the BNL case, nor to the local prosecutor in Atlanta.

The prosecution of Mr Christopher Drogoul, the former BNL Atlanta manager, is based on the premise that Rome was the victim of the scandal and that no one in BNL Rome had any knowledge of \$5bn of clandestine Iraqi loans from Atlanta. A new BNL trial is expected next autumn.

criticised the report as "too narrow" because it was confined to what the CIA did with intelligence information.

The report, which makes recommendations on how to improve the use of intelligence information in law enforcement cases, also discloses that the CIA became aware in December 1987 that Matrix Churchill, the UK machine tools company then owned by Iraqi interests, was acting as an Iraqi front company. It was not until September 1989 that the CIA obtained information linking BNL-Atlanta to the Iraqi procurement network and reported it, the report says.

Mexico denial on contract

By Damian Fraser in Mexico City

MEXICAN authorities have ruled that there were no irregularities in the awarding of a \$21m (£13.5m) air traffic control system to Thomson of France and Alenia of Italy.

The awarding of the contract infuriated US and Canadian multinationals, Raytheon Canada, IBM International Air Traffic, and Calsmaquin (acting for Westinghouse).

They believed that their original offers had been disqualified unjustifiably, and that Thomson's technology was not in operation elsewhere, and thus did not comply with the specifications in the second tender.

But Mexico's General Comptroller of the Federation has still to release the report by the Canadian company Martin Marietta on the evaluation of the contract, which is being demanded by the US and Canadian companies. They consider the report necessary to assess the Comptroller's ruling.

The Comptroller briefed diplomats on where the bidding companies were not compliant with the specifications on the first tender, and said that it was not necessary that the winning bidder have its technology fully operational elsewhere.

Mexico's ministry of transport and communication said it would seek damages against IBM over allegations by its agent, Dr Kaveh Moussavi, that he was asked to pay a \$1m bribe to secure the contract. IBM Mexico dissociated itself on television news from Dr Moussavi's claims.

Dr Moussavi says he informed IBM in the US of the incident on November 9 - ten days before the first tender offer was cancelled - and that an internal record exists of his report.



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Battle to sell fighters to Malaysia

By Kieran Cooke in Kuala Lumpur

LEADING US executives are making a last ditch effort to persuade Malaysia to buy US fighter aircraft.

McDonnell Douglas, led by Mr John McDonnell, the company's chief in Kuala Lumpur, is trying to persuade Malaysia to buy F/A-18 multi-role fighters while General Dynamics is trying to sell its F-16 fighters.

Executives from Northrop as well as officials from the Pentagon and US air force were also involved in discussions with the Malaysian defence ministry and air force.

The other contender for sales of up to \$850m is the Commonwealth of Independent States' MiG-29. The purchase of up to 30 MiGs may be imminent.

This week Malaysia signed a memorandum of understanding with India on defence co-operation. India has been using MiGs for several years and has offered Malaysia maintenance and training support.

US officials here insist that the MiG is inferior to both US made fighters. But the CIS is believed to be willing to sell up to date avionics with its fighters, whereas the US is not.

NEWS: UK

Figures between third and fourth quarter show 10% decline in company failures

Personal insolvencies up 44%

By Andrew Jack

THE NUMBER of personal insolvencies jumped 44 per cent to 36,794 last year compared with 1991, said government figures yesterday.

In a further indication of the effects of the recession on the British economy, company insolvencies grew 12 per cent during the year to 24,224.

That meant 2.6 per cent of active companies became insolvent in the final quarter of last year, compared with 2.3 per cent in the same period of 1991.

The figures showed a seasonally adjusted decline of 10 per

cent in company insolvencies between the third and fourth quarters last year.

Mr Richard Brown of the British Chambers of Commerce, which produces the statistics for the Department of Trade and Industry, said: "It is good news that the figures have gone down in the largest quarterly fall for five years."

But he warned against drawing optimistic conclusions from the short-term downward trend. "We are not becoming too sanguine," he said. "This may reflect the banks taking something of a more realistic

attitude." He said he was pessimistic given that less than one in five manufacturing companies and one in ten service companies were working to full capacity.

He said the rate of insolvencies typically rose during economic recovery as companies suffered a shortage of working capital which their bankers did not make good.

Seasonally-adjusted personal insolvencies rose 4 per cent to 9,795, compared with 9,391 in the third quarter of 1992, and up 25 per cent from 7,831 in the final quarter of 1991.

Separate statistics released

yesterday by the Lord Chancellor's Office showed a substantial rise for the full year for corporate winding-up and personal bankruptcy petitions.

Debtors' petitions to the courts - presented by individuals rather than their creditors - leapt by nearly two-thirds during the year. Creditors' petitions rose 22 per cent and company winding-up petitions grew 2 per cent.

The petitions are not directly comparable with the Chambers of Commerce insolvency statistics because not all petitions are granted by the courts, and there is a delay before they are

reflected in recorded insolvencies. The figures for the final quarter of 1992 were all up on the final quarter of 1991. Company winding-up petitions rose slightly from 4,112 to 4,121 between the periods.

Creditors' petitions rose 16 per cent from 6,322 to 7,339 between the final quarters of last year and the year before, while debtors' petitions jumped 42 per cent from 2,911 to 4,140.

Insolvency practitioners have attributed the rise in debtor petitions to the declining stigma attached to bankruptcy during the present recession.

A company town recalls glorious past

Richard Donkin reports on the impact of the Daf collapse

PHOTOGRAPHS and mementoes of a lifetime in engineering decorate the walls of a small bedroom which is part office, part glory hole at the home of Mr Les Southworth, a former director at Leyland Motors.

Mr Southworth, who belongs to a long line of boardroom engineers at Leyland, is recalling the day in 1965 when Sir Donald Stokes, managing director at the time, decided to present a gold watch to everyone who had more than 25 years service with the company.

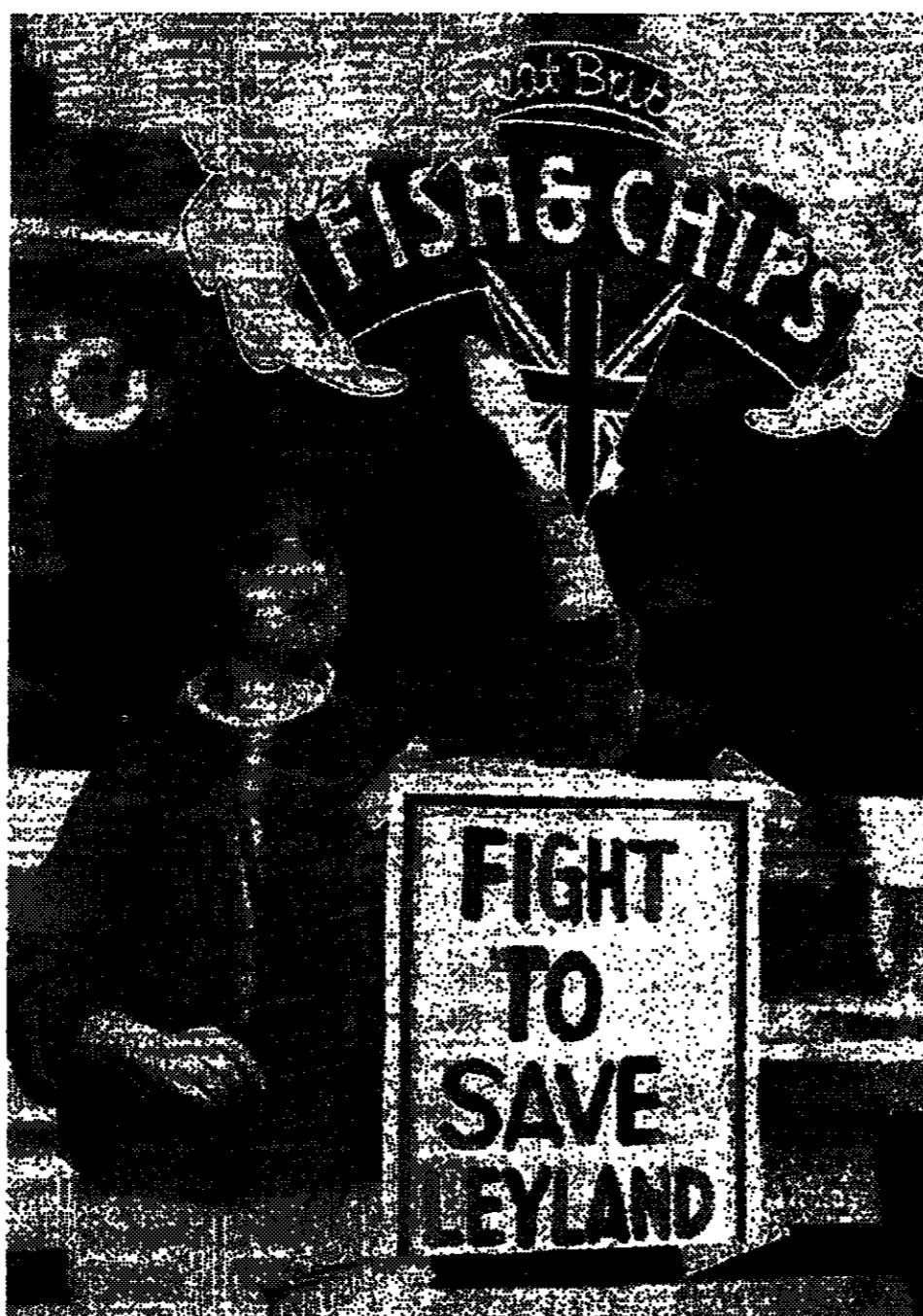
"They had to hire the Winter Gardens at Blackpool. There were 1,750 workers from the Leyland and Chorley factories who qualified. Many had 30 or 40 years service.

"People at Leyland had pride and spirit in their work. They still do. They have accepted new working practices. Production levels are equal to any in Europe and vehicles are coming off the lines with zero defects," he says.

The town gave its name to the company. Many of the townsmen gave their working lives. Mr Southworth almost ran out of fingers counting his family connections in the company. "I worked at Leyland, my son worked there, my brother did, daughter-in-law, uncle and nephew," he said. "They all worked there but they're all gone now."

They left the company as it shrank during the 1980s. Doors have been closing on Leyland's factory floors since the early 1980s when 12,500 people were employed locally.

Once many workers were bussed in from surrounding areas. Today the employment pattern is reversed as increasing numbers of Leyland people commute to adjoining areas.



Show of support: many people in Leyland directly depend on the truck plant for their livelihood

The threat to the remaining 2,500 jobs at the Leyland Daf plants in the town, with a possible 7,000 more due to knock-on factors, is exacerbating an erosion of local trade that has happened throughout the past decade.

The demise of Leyland is not so much the death of a town as the end of a way of life where a community lived, worked and shopped around the main employers. In its heyday, the truck company exerted a powerful influence in Leyland.

Roads such as Churchill, Cromwell and Centurion were named after the battle tanks that were built there and Leyland people retain a strong emotional attachment to the company.

According to South Ribble Borough Council, Leyland is far from dying. It is in Lancashire's wealthiest borough, topping a league table based on information gleaned from census returns.

The town of 36,000 is to the north-west of the traditional Lancashire industrial belt. Beyond the urban centre is rich farmland with a strong tradition of market gardening. The town did have a textile industry, but its centre never fitted the smokestack-and-cobblestone image of a Lancashire cotton town.

Three industries dominated the town after the second world war - trucks, paint and rubber manufacturing. All have declined, consolidated or moved operations to the peripheries of the town. Today a third of South Ribble's workforce is employed at seven even companies.

However, the jobless trend is worrying the council. By November 1992 it was running at 6.8 per cent, up from 3.6 per cent in June 1990 - a trend which worries the council.

Mr Jim Breakell, the mayor,

is a staunch supporter of the plant. He says it is far removed from the pre-Daf merger days of industrial strife.

"I don't believe the government is looking at it with an entrepreneurial eye," says Mr Breakell, who believes a financial lifeline from the government would make economic sense.

He criticised some of the "camouflage, facelift schemes" in industrial areas which he said left little to show for the

outlay. He said: "They put money into short-term things that don't do the economy any long-term good."

"Garden festivals of which Mr Heseltine is proud, might make living conditions a bit brighter but they don't create permanent jobs."

● About 5,000 demonstrators marched from the Leyland Daf assembly plant in Leyland to the town centre yesterday in support of 2,200 local employees whose jobs are at risk.

Leyland Daf employs about 2,000 people at Washwood Heath, a site for automotive production since before the second world war. The plant originally made Wolseley cars and switched gradually to van production after the war.

US duties on British steel plate attacked

By Ivor Owen, Parliamentary Correspondent

US ACTION to impose heavy anti-dumping duties on British exports of steel plate was "unwarranted and wholly disproportionate," Mr Richard Needham, trade minister, said yesterday.

He said the provisional 10.22 per cent levy was in addition to the earlier duties imposed on UK exports of plate and bar.

Mr Needham told the Commons: "To penalise genuinely privatised companies which have not received subsidies for over six years is unfair and economically unsound."

He said the action had been initiated by the "highly protected US steel industry" and would not help efforts to secure an international settlement in the multilateral steel agreement negotiations.

Private housing starts down 10%

By Andrew Taylor, Construction Correspondent

THE number of new homes started by private house-builders last year fell to the lowest level for more than a decade, according to figures published yesterday by the Environment Department.

Private housing starts fell by a further 10 per cent last year to just under 121,000, compared with a peak of 221,000 private starts in 1988.

The latest decline in private sector starts was partially offset last year by an increase in new construction by housing associations, which the government expects to take over from local authorities the responsibility for providing rented accommodation for poor and disadvantaged people.

The department says the number of new housing starts made by associations jumped by 50 per cent last year from 21,600 to 32,600 - more than double the number of starts by associations in 1988. Over the

same period the number of starts made by local authorities fell by more than three-quarters from 16,300 to 2,700 last year.

Overall the number of private and public sector housing starts declined from 160,500 in 1991 to 156,300 last year.

The latest figures from the department have been published as signs emerged that house sales have started to recover after the low reached last autumn during the sterling crisis.

Building societies, estate agents and house builders have reported a marked improvement in mortgage applications from offers to buy and enquiries from potential purchasers since just before Christmas, although this has yet to flow through in increased construction of homes.

The department said private sector starts during the final three months of last year were 5 per cent lower than during the previous three months.

Oil tanker operators endorse new code

By Bronwen Maddox, Environment Correspondent

OIL TANKER operators yesterday welcomed new proposals to keep tankers further from sensitive UK coastlines, but warned that freight rates could rise and it would be hard to find safe new shipping routes.

The oil industry has agreed with the Department of Transport to draw up a voluntary code to ban tankers from some coastal waters including the Fair Isle Strait near the Shetland Islands, where the tanker Braer was wrecked last month.

Also covered are the Scilly Isles, the Minches between Scotland's west coast and the Outer Hebrides, and the Pentland Firth between Scotland and Orkney. The new routes will be endorsed in May.

One oil industry representative who attended this week's meeting with the DoT said "there was not a lot of resistance to the proposals" and the industry would rather do this on a voluntary basis than have regulation slapped on it.

● Waters up to 500m around the wreck of the Braer were declared a prohibited area yesterday.

The DoT made an order under the Protection of Wrecks Act 1973 designating the remains of the ship a dangerous wreck.

The Economist chooses nine as prime number

by William Hall

NINE OF Britain's brightest rising media stars have gone into serious training. Over the next month they will do battle for one of the biggest jobs in their trade - editor of *The Economist*, the world's most influential business weekly.

The shortlist of candidates will be interviewed on March 4. But a wrong word at the interview, and the chance of editing the 150-year-old weekly could be lost.

Past performance suggests that the job is a reliable springboard for ambitious types

intent on making their mark in business life.

Rupert Pennant-Rea, 45, the current editor, has been appointed deputy governor of the Bank of England. His predecessor, Andrew Knight, is UK chairman of Mr Rupert Murdoch's newspaper empire.

All the current candidates, with the exception of Matt Ridley, work for the magazine and the majority are in their forties - Frances Cairncross, Nico Colchester, Johnny Grimond, Jim Rohwer and Mike Elliott.

Bill Emmott, Clive Crook and Daniel Franklin are 37, and Ridley turns 35 on Sunday.

Bugging to be curbed in press code

THE newspaper industry yesterday added a clause to its code of practice to limit the use of eavesdropping equipment and the recording of private telephone calls.

The clause says journalists should not obtain or publish material "obtained by using clandestine listening devices or by intercepting private telephone calls" unless justified by the public interest.

Public interest is defined as detecting or exposing crime or serious misdemeanor and seriously anti-social conduct; protecting public health and safety; and preventing the public being misled by statements or actions of an individual or organisation.

Major demands compensation

THE prime minister is demanding "substantial" compensation from New Statesman & Society and Scallywag magazines over articles linking him with caterer Ms Clare Ladner, both publications said yesterday.

Mr Major's lawyers said he rejected a full-page apology published in this week's edition of New Statesman & Society, adding that it did not go far enough.

Action, a work experience scheme that offers participants £10 a week on top of their benefits.

Tecs, the employer-led bodies which deliver government training schemes in England and Wales, say the government is seeking to impose contracts rather than negotiate. They say they will be forced to "cream-off" those people most likely to get work or qualifications.

The contracts hope to cut training time from 26 weeks to 14 weeks and increase the percentage of funding related to

Teachers to ballot on test boycott

By Andrew Adonis

TEACHERS in England and Wales yesterday neared outright conflict with the government over controversial national curriculum tests.

The executive of the NASUWT, the second largest teachers' union, voted to ballot its 127,000 members on boycott of all tests this year. The tests are due to be sat by seven and 14 year olds in state schools from April.

The union will seek next Tuesday the support of the other five teachers' unions. All have expressed serious reservations about this year's tests for 14 year olds, which are to be compulsory for the first time.

The tests in English, set to take place in June, have caused particular controversy.

The last of the prescribed texts have only recently been received by schools, and sample questions have still to reach many teachers. Teachers say this has left insufficient time to prepare pupils.

There is also widespread opposition to the publication of test results, which may lead to school league tables like those issued by the government for this year's tests for seven year olds.

Council officials plan to meet the local Leyland Daf management on Tuesday. The officials said they had stated their interests when they saw the administrative receivers Mr John Talbot and Mr Murdoch McKillop of accountants Arthur Andersen.

●

"Tremendous support locally has been gathering about the future of this business," said Mr Will Rogers, head of the council's investment services. He cited dealers, suppliers and organisations such as the Birmingham Chamber of Commerce, Birmingham Heartlands Development Corporation and the West Midlands Development Agency.

●

"We have to establish the facts, what the realistic options are and how we can translate this support into action," Mr Rogers added.

●

He also noted that the council had in the past supported management buy-outs and had taken a minority interest in them. A management buy-out has already been proposed for the Leyland Daf plant at Leyland, Lancashire.

The West Midlands Development Agency, responsible for securing inward investment, is interested in assisting any potential overseas buyer. The council yesterday cited a land purchase it made for Leyland Daf in 1988 as an indication of its willingness to support a new owner for the plant.

Leyland Daf employs about 2,000 people at Washwood Heath, a site for automotive production since before the second world war. The plant originally made Wolseley cars and switched gradually to van production after the war.

The corporation wants flexible working time, involving longer shifts and weekend working. It favours extending the shift system used at the Asfordby pit in Leicestershire. That involves a six-day working week incorporating three seven and a half hour shifts, with crews working 45 hours a week for three weeks followed by one week off.

This would end overtime working. At present shifts longer than seven and a quarter hours underground and eight

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Bank tells officials that customers give consent

Barclays escapes action over data

By John Gapper,
Banking Correspondent

THE office of the Data Protection Registrar yesterday said it had no immediate plan to take legal action against Barclays Bank over the bank's policy of putting personal and account details of new customers on a central database.

The announcement followed a meeting between officials and senior legal advisers of the bank over Barclays' insistence that all new customers give consent for its subsidiaries to have access to account details for marketing purposes.

Mr John Lamidey, the assistant data protection registrar with responsibility for financial services, said the office had no immediate intention of seeking an enforcement order against the bank under the 1984 Data Protection Act.

However, Mr Lamidey said he would raise his concerns over with the British Bankers' Association, and might produce guidance for banks on the methods they could use to persuade customers to give

consent for the use of data. Barclays said that it had been assured that the registrar was not contemplating action against the bank, and that it was neither breaking the Data Protection Act nor the bank's code of practice for personal customers.

It said it would in future have bilateral discussions with the registrar to ensure that it complied with the act and the code of practice in its policy on internal disclosure of personal data held on computers.

The bank said it had previously sought approval from the data protection registrar for clauses in application forms for its products such as Barclaycard credit card saying that customers would have to give consent for the use of data.

However, it wanted to ensure that its future policy on the use of customer data was approved by the registrar. It would also comply with any future guidance on consent issued through the British Bankers' Association.

The meeting was arranged

this week after Mr Lamidey expressed public concern that banks might be evading the code of practice and breaking the act by insisting that new customers gave consent for internal disclosure of data.

The code of banking practice, which was introduced by the banks last March, says that customers should give consent for their bank to disclose details of accounts to third parties, even if the third party is a subsidiary of the bank.

However, banks are keen to gain permission for the internal disclosure of information because their subsidiaries selling products such as life insurance want to market products to bank customers who are most likely to buy them.

Banks are currently reviewing rules on the confidentiality of customer information in a British Bankers' Association working party. The association promoted the establishment of a voluntary code of practice last year.

By Andrew Adonis

THE Labour party is to examine the case for elected mayors of councils, and its leadership has accepted the principle of the council tax and compulsory competitive tendering for local services, after strenuously opposing both.

Mr Jack Straw, shadow local government minister, announced the policy shifts as Labour councillors met in Bournemouth for their annual conference.

Mr Michael Howard, environment secretary, hailed them as "the latest humiliat-

ing climbdown by Labour." Although Mr Straw limited his acceptance of compulsory tendering to blue-collar services such as refuse collection, his announcement will be controversial among Labour councils and local government unions, who wish to protect direct labour organisations. At the last general election Labour proposed to abolish both compulsory tendering and the council tax.

In an interview published in yesterday's Tribune magazine, Mr Straw said: "There is wide agreement that the division between contractor and provider that compulsory competitive tendering creates is bad. We'll be working out how it can be changed so that it becomes much more like what we wanted in the fair rates system."

Addressing the conference, Mr Straw emphasised that the model council should be an

enabling council", aiming to "help people to organise for themselves".

Although he said that he was "not in favour of following the Tories' agenda", hitherto the case for both competitive tendering and "enabling councils" – as opposed to councils directly providing services – has been argued mainly by the Conservatives.

Mr Straw commanded "looking at the idea" of elected mayors as a way of giving councils "a political focus".

He added: "We must also look at the idea of having

fewer council committees and perhaps fewer councillors, alongside an extension of community and parish councils to the whole country."

Elected mayors were last raised as a serious possibility by Mr Michael Heseltine, on becoming environment secretary in 1990. The cabinet gave no encouragement, with other ministers concerned that they might strengthen local government.

Mr Heseltine got no further than establishing a review of local authority internal management, which is due to report soon.

Labour will consider elected mayors

By Ivor Owen,
Parliamentary Correspondent

CRIME IS rising more rapidly in the affluent suburbs and shires than in rundown areas under the control of Labour councils, Mr Tony Blair, shadow home secretary, said yesterday.

He accused Mr John Major, the prime minister, of debating a serious issue by his recent statement that socialism was to blame for inner-city crime. Mr Blair backed his claim with evidence from 10 police

authorities covering areas in East Anglia and the Midlands to the south-west of England showing the rise in burglaries since 1979 when the Conservatives came to office.

Leicester headed the list with a 452 per cent increase, followed by Gloucestershire (444 per cent), with Bedfordshire and Suffolk (both 290 per cent) and Devon and Cornwall (274 per cent).

Mr Blair said crime had more than doubled in the 14 years of continuous Conservative government – and had risen by 50

per cent in the past three years. Calling for a fresh approach to combating the crime wave, he refused to accept that in many cases it could be attributed to social deprivation. He said: "Those who commit crimes should be caught and punished. There are no excuses for crime and it is some of the poorest and most vulnerable in our society that suffer its worst effects."

He made clear that Labour would oppose any move by Mr Kenneth Clarke, the home secretary, to replace elected coun-

cillors serving on police authorities with local businessmen. Mr Blair said: "By all means let local businesses and others be involved in policing and policing priorities, but removing a local say through local representatives would be a foolish and regressive step."

Mr Blair was addressing the Labour local government conference in Bournemouth. Mr John Smith, the party leader, will speak tomorrow.

• Britain will become the "environmental dustbin of Europe" because the govern-

ment is making a "bonfire" of "green" rules, Mr Chris Smith, shadow environmental protection spokesman, told the conference. He said offshore oil-drilling regulations were being loosened to speed development regardless of the "green" cost, and the government had signalled its intention to relax air pollution controls and to allow industry to self-monitor its pollution discharges.

"This is alarming in the extreme. It's like telling burglars to police themselves," he said.

Blair points crime finger at the shires

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The second phase of the recreation of Shakespeare's Globe Theatre on a site near where it stood four centuries ago in Southwark, south London, is due to be completed within a month. Funds permitting, it is planned to open in April 1994.

Tory party sheds staff to curb debt

By Ralph Atkins

A SHAKE-UP of Conservative organisation including 61 job losses was announced yesterday by Sir Norman Fowler, the party chairman. The losses will include 42 compulsory redundancies.

The move comes as the party's debts approach £20m and after widespread internal criticism of its management.

Sir Norman's action followed a rapid increase in spending by the party in the run-up to last year's general election. Conservative MPs, constituencies and staff had complained of weak financial control, no clear lines of authority, a Byzantine management structure, and poor co-ordination and communications.

Mr John Major, the prime minister, said: "We are rationalising, as are many companies, around the country."

The deficit is expected to reach £15m this year. Spending last year was £23m compared with an income of £23m. Recent refurbishment of Conservative Central Office, ordered under the chairmanship of Mr Kenneth Baker, cost about £2m.

Sir Norman, who described the package as "the most comprehensive set of reforms for the last 50 years", said he wanted to eliminate the deficit by 1996 and to cut expenditure by £7m this year.

About half the job losses will be at Central Office in London

and the rest in area offices. Some staff will leave voluntarily or on early retirement.

By the end of this year the number of employees will have fallen to 228 from more than 350 at the time of the general election. Separately, a "board of treasurers" will launch an appeal to tackle the deficit. Ten area offices will be reduced to six.

However, Sir Norman has not responded to calls from the "Charter Group" within the party which wants more elected posts. He promised to release more financial information but had no specific proposals at this stage.

The main management reform is the setting up of a board of management, chaired by Sir Norman, and bringing together representatives from the parliamentary party, the European parliamentary party, local government and the National Union – which represents the constituency associations.

Sir Norman emphasised how the European party would be drawn closer into the central organisation.

A director-general has already been appointed to the board of management.

Sir Norman wants a greater proportion of funds to come from constituency associations, which account for only about 10 per cent of income. They will have to produce annual reports, but will remain largely autonomous of Central Office.

John in L10

FINANCIAL TIMES

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Saturday February 6 1993

The right G7 agenda

BE WARNED. Global co-ordination of economic policy, long out of vogue, is back on the agenda. The Clinton administration wants an early meeting of ministers from the Group of Seven industrialised countries to reinvigorate the G7 consultation process. European Commission president Mr Jacques Delors called on Monday for the G7 to put the world back on a growth track. And at the World Economic Forum in Davos, a talk shop for the fat cats of international economics and business, the corridors were abuzz this week with talk of global growth initiatives.

If policy co-ordination is making a comeback, it is not hard to see why. Yesterday's figures for the Japanese current account make the point all too plain. With the surplus up by more than 60 per cent to a record \$117.6bn for 1992, there are justifiable fears that the re-emergence of trade imbalances in the G7 will inflame the protectionist instinct of hawkish elements in the new US administration. Yet experience suggests that G7 initiatives are, to put it kindly, something less than a panacea.

The case for co-ordination rests on increasing economic interdependence. In a typical OECD country, between a quarter and a half of the impact of domestic policy on economic activity falls not at home, but in other economies. Hence the suggestion that a better collective economic outcome can be achieved through co-operative policy setting; and that the perceived loss of sovereignty involved is more apparent than real.

Perverse results

It sounds sensible enough, but the results have been perverse. The *locus classicus* of such co-ordinated global growthmanship was the Bonn summit in 1978, at which the US called on Germany and Japan to act as locomotives to pull the world towards a faster recovery. The US attacked the Japanese current account surplus – there is nothing new in global economics – and argued that Japan and Germany, with their low inflation and strong external accounts, were failing to do enough to boost global demand. The two surplus countries then embarked on a fiscal expansion, which coincided with the second oil shock. Inflation was the result, especially in hypersensitive Germany, where it topped 5 per cent in 1979 – even higher than its present post-unification level. Despite some benefits, such as the decontrol of US energy prices, the Bonn summit gave co-ordination a bad name.

Subsequent attempts have been less ambitious, but arguably more damaging. In the 1980s the US, with a savings shortage, and Japan with a mirror-image sur-

plus, became interdependent to an unprecedented degree. Seemingly logical policy co-ordination, first in the Plaza accord, then in the Louvre agreement, ended up by imposing an excessively lax monetary policy on Japan. There followed in Tokyo the biggest speculative bubble since 1929. The aftermath threatens to leave Japan with nil or negative growth this year. For its part, the US failed to deliver its structural budget deficit, which now plagues the Clinton administration.

Monetary strains

In Europe, meantime, the ambitious attempt to turn the semi-fixed exchange rate mechanism into something more rigid has foundered, largely because co-operation was confined to monetary policy and exchange rates. The monetary mixture was incompatible with the loose fiscal policy adopted by Germany after unification. Hence the monetary strains that caused Britain, with a more heavily indebted economy than most other ERM members, to leave the system.

It is possible to be too downbeat about concerted economic action. The early economic summits after the first oil crisis almost certainly helped avert a rapid move to protectionism. But the subsequent lessons suggest that any return to economic co-operation should focus on limited and attainable objectives.

The most important issue on the agenda remains the preservation of the multilateral trading system. The overwhelming priority should be the completion of the Uruguay round. Equally pressing is the stabilisation of the Russian economy, where loans, technical assistance and improved market access need further attention.

But where the big issues of fiscal and monetary policy are concerned, it would be foolish to expect very much. The experience in the ERM amply demonstrates the problems of defining and addressing exchange rate disequilibrium. Where fiscal policy is concerned, the Japanese could be excused, after their experience in the late 1980s, for inserting ear plugs before the siren call comes for more co-operative policy-making. Domestic recession is anyway prompting further fiscal and monetary relaxation, which holds the key to reducing the trade surplus.

What is needed from the Clinton administration, before a more ambitious programme is contemplated, is a demonstration that it really does have the will to put its own house in order before jawboning the rest of the world. On past form, that self-denying ordinance seems unlikely to be observed.

Even by the crisis-prone standards of Europe's exchange rate mechanism, it has been a week of extraordinary turbulence. As politicians argue about who is to blame, monetary gunsmoke has been swirling through ministries and financial markets across the continent.

Ireland started the acrimony with complaints against the UK and Germany over the punt's devaluation. As the pound slumped in mid-week to record lows, France intensified an anti-British assault – taking aim at the UK's aggressive interest rate cuts and alleged job poaching through "social dumping".

Hostilities subsided on Thursday with the Bundesbank's unexpected interest rate cuts, intended above all to support the franc ahead of next month's French elections. The vote is expected to bring in a right-wing government which might be tempted to sever the franc's D-Mark link as a way of cheapening French credit and regenerating growth. This would torpedo the already-faltering plan in the Maastricht treaty for economic and monetary union (EMU) by the end of the 1990s.

After Mr Helmut Schlesinger, the Bundesbank president, said he hoped domino-like speculation against weaker currencies would cease, calm returned yesterday to the foreign exchanges.

But, following four realignments since September, in which countries accounting for 45 per cent of EC gross national product have devalued – or left the ERM, currency unrest is unlikely to have been completely quelled.

The ERM, set up in 1979 as the nucleus of the European Monetary System of stable exchange rates, has become a hotbed of instability. The scale of speculative flows across a continent now freed from exchange controls is bigger than ever before. The inflation-adjusted value of the "hot money" streaming into the D-Mark in September was triple the size of the inflows into Germany generated in 1979 by the break-up of the fixed exchange rate Bretton Woods system. Combined with overall European economic strains caused by the shock of German reunification, the ERM upsets have put the EC on a knife-edge.

Advocates of EC integration fear a breakdown in European economic co-operation, similar to the experience after the 1973 oil price rise. "We are in a crisis," Mr Jacques Delors, the EC Commission president, said on Thursday.

He welcomed the Bundesbank rate cut as a "good political signal". But Mr Delors pointed to the risk that the European recession, aggravated by Germany's fiscal imbalances and high interest rates, could scupper monetary union. "If there is no growth between now and 1997, there will be no EMU," he said.

Mr Henning Christopherson, EC economics commissioner, sounded an implicit warning that "competitive devaluations" could wreck the EC's barrier-free single market which started on January 1.

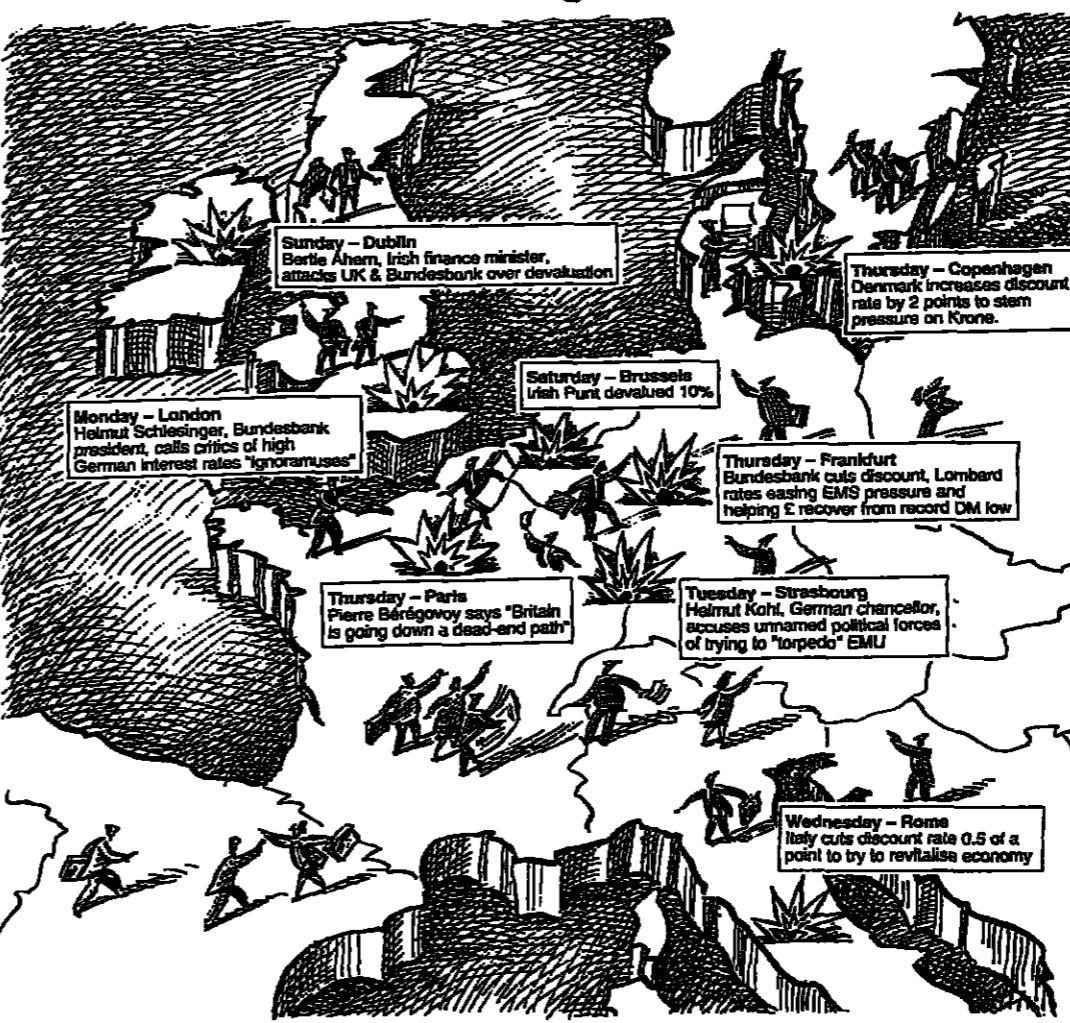
At least the Bundesbank has now signalled it cares about the ERM's fate. EMU supporters in Brussels are looking for further cuts of at least 1 percentage point in the German discount rate – now at 8 per cent – during the next few months.

Assuming – as seems likely – the system survives the French elections, EC governments and central banks during the next few weeks must make crucial decisions on its future.

There are two main alternatives. The ERM could either revert to its original design of providing no

A week of acrimony has fuelled doubts about European integration, write David Marsh and Lionel Barber

Shoot-out at the currency corral



more than a semi-fixed exchange rate framework which would be sporadically adjusted in line with EC economic divergences. Or the Maastricht transition to EMU could be accelerated by the Bonn and Paris governments – creating a "mini-EMU" around a Franco-German core, including the Benelux countries but leaving out Britain and Italy.

The first idea – a return to a more flexible ERM – is favoured by the Bundesbank. Germany's central bank has long been suspicious of the Maastricht EMU plan since it would spell the demise of the D-Mark. Additionally, the Bundesbank argues that the lack of ERM currency realignments between 1987 and 1992 was the main cause of last autumn's upsets.

Indeed, Germany's reunification problems may make a less ambitious ERM inevitable. Because recession has increased budget deficits, most countries, including Germany, are overshooting the Maastricht fiscal targets set as conditions for EMU.

After sterling was forced to quit the ERM in September, Mr John Major, the UK prime minister, announced Britain would not rejoin unless the system's "fault-lines"

were reformed. But the Bundesbank's support for a return to the former ERM arrangements is backed by Denmark, whose krone this week has come under heavy speculative attack.

Mr Eric Hoffmeyer, governor of the Danish National Bank, which was forced to increase its discount rate by 2 points on Thursday, says: "We are not advocating reform of the EMS."

Countries running policies which were not in line with stable exchange rates would have to "stick to the rules" of either adjusting these policies or devaluing, Mr Hoffmeyer says. "You cannot wait and wait and wait for a realignment. Otherwise, the system explodes."

The second ERM alternative, discussed increasingly in Brussels, is more ambitious. Under this plan, the Bonn and Paris governments could speed up the Maastricht timetable to transform the ERM into EMU – establishing a "mini" monetary union.

Officials in Brussels doubt whether the present ERM, including the French franc, can survive intact until 1997 or 1998 when, under the

Maastricht plan, the EC is supposed to make an irrevocable move towards a single currency.

There is a growing belief that the so-called "second stage" of EMU, planned to start next year, simply too long – an invitation to the foreign exchange markets to attack vulnerable currencies before EMU takes place.

Chancellor Helmut Kohl recently hinted at the possibility of a mini-EMU outside the Maastricht treaty.

The idea is fraught with political risk, and has attracted opposition from the Bundesbank.

Nonetheless, there seems to be greater support from French and German politicians. One senior French official in Brussels yesterday predicted that, if the EMS broke down completely, Bonn and Paris would still rescue monetary union.

"If the EMS collapsed, I'm sure France and Germany would take an initiative to ensure monetary union. They would be obliged to do it."

Mr Helmut Schmidt, the former West German chancellor, who with French President Valéry Giscard d'Estaing was the chief EMS architect in 1978-79, says he favours a Franco-German "fast track".

"I could imagine Europe going forward with a central bank system

and a single currency linking France, the Benelux countries and Germany. This might in time become very attractive for other countries to join – not, in the first place, Britain, but maybe Austria, Switzerland and the Scandinavian countries."

Mr Schmidt, who believes last autumn's currency upheavals could have been avoided if governments had made "timely adjustments", says the "fast track" plan, although desirable, is unlikely.

"I don't give it [the plan] much of a chance. The Bundesbank is against it, as always. They are fighting for the stability of the currency. But they are also fighting to retain their own turf."

Mr Karl Otto Pöhl, former president of the Bundesbank, who resigned in 1991 because of disagreement over the government's reunification policies, also supports a "multi-speed" path to EMU. "A large monetary union [grouping all EC countries] will never come," says Mr Pöhl, now a partner in the Cologne-based Oppenheim.

Mr Pöhl, like Mr Schmidt, says he is "under no illusions" over the difficulties of realising a smaller monetary union with a central bank established by Germany, France and the Benelux countries. Late last month, Mr Schlesinger ruled out accelerated monetary union on the grounds that the Maastricht treaty stipulates that EMU cannot start before 1997.

Mr Pöhl says this illustrates the Bundesbank's "adroit tactics. Although the central bank opposes the treaty's EMU timetable, Maastricht has also become the "main hurdle" faced by advocates of accelerated EMU, Mr Pöhl points out.

Whatever the difficulties in realising "fast track" EMU, Britain's economic policies since September may have increased the willingness of France, in particular, to countenance European integration without the UK.

For its part, Britain recognises that Franco-German EMU would harm its interests.

Lord Jenkins, EC commission president between 1977 and 1981, says that, from the viewpoint of continental Europe, "there is a lot to be said for the fast speed idea". He adds: "It would cause enormous problems for Britain... Sterling would be an offshore currency caught between the dollar and the European bloc. We would be more buyable."

The main factor heightening antipathy towards Britain in Brussels and Paris is suspicion that the UK is practising benign currency neglect in a dash for growth – ignoring the cost for others in the EC. "Britain," says one EC official, "is drifting off into the Atlantic."

Antagonism has been fuelled by the decision by Hoover, the US appliance maker, to close its Dijon plant and shift production to Scotland.

All this has revived complaints in Brussels about Britain's failure to sign the Maastricht social chapter – as well as about the UK delay in ratifying the treaty.

If British MPs performed the unexpected and voted down Maastricht ratification this spring, this would greatly increase the likelihood of a drive to EMU by Paris and Bonn. As the battle for Europe's money rumbles on, the risk that a Maastricht No would strengthen still further Franco-German monetary entente must be the factor most likely to guarantee the treaty's passage in the House of Commons.

Sir Colin Marshall yesterday assumed complete command of the flight deck at British Airways almost 10 years to the day after climbing aboard as first officer. It is the job he has always wanted, though one which, in the final countdown, could have eluded him.

As the "dirty tricks" row with Virgin Atlantic escalated, there seemed a chance that Sir Colin – too often second-in-command in previous jobs – could be deprived of total control as pressure mounted for a separation of the chairman's and chief executive's responsibilities. Having apparently made clear to colleagues his determination to have full executive responsibility, or none at all, he has won the prize and the challenge of leading "the world's favourite airline" into its next, ambitious phase of development.

His victory means that after a decade of loyal allegiance alongside Lord King, who steps down in the wake of the damaging dog-fight with Virgin, the responsibility is finally his. It is one he will relish.

Unlike Lord King, Sir Colin has never been the flamboyant type. The Marshall-King partnership, perceived as a successful one in the airline industry, will not be repeated now that Mr Robert Ayling becomes group managing director.

Mr Ayling, with initially a legal then civil service background as a former under-secretary at the Department of Trade and Industry, is, if anything, even more understated than Sir Colin.

There will be no doubt about who is in charge. Mr Ayling is more likely to play the role of consigliere, or chief adviser. His legal experience and familiarity with civil aviation's regulatory background, his DTI background and his willingness to promote bold marketing manoeuvres such as last year's "World's Biggest Offer", confirmed him as front-runner for number two.

If Sir Colin is not a showman he has demonstrated that he is at least a "mucker-in". He looked slightly uncomfortable on the cat-walk last week, surrounded by stewardesses and sun-tanned flight attendants, as he presided over the launch of new uniforms for BA staff.

Up early in the morning and working sometimes an 18-hour day, a stickler for detail, and performing all the necessary public functions to further his airline's cause, Sir Colin is clearly more at ease inside a corporate executive suite than mingling with models.

He is the image of the hard-nosed, US-style businessman. But although he sets high standards, he is also informal and is known throughout the airline as Colin.

Lord King recruited him as chief executive in February 1983. He was plucked from Sears after a recommendation by Mr Miles Broadbent, the head-hunter. "Colin had great customer service ingrained in him from the shipping business, in the car business, and working for Sears. Service, service, service, that's what he's all about," says Mr Broadbent.

His US corporate experience and concentration on the customer could be one reason why he was considered by American Express to run its travel-related services division two years ago. More recently, he was contacted by Amex and sounded out about the job of group chief executive. Executives at the travel and financial services company say he was a leading outside contender for the job, but the Virgin episode is understood to have cast a cloud over his candidacy.

His career had started humbly enough. When he left University College School, Hampstead, Sir Colin joined the Orient Steam Navigation Company as a cadet purser. He became deputy purser of the SS Orsova, voyaging between England and Australia: "like running a big hotel," he said later.

It was in the US, however, that his career took off, when he joined the car rental business of Hertz Corporation in Chicago as assistant to the vice-president of administration. In six years of managing Hertz operations in various parts of the world, the company remained unchallenged as Europe's leading car rental company.

He was to change all that, however, when he was poached by Avis and began to transform its service image. Male staff were given red jackets and badges saying "We Try

MAN IN THE NEWS: Sir Colin Marshall

This is your captain speaking...

FT writers examine the career and character of the next executive chairman of British Airways



Mr Levin, who died in late 1991, has been described by some observers as the architect of a new aggressiveness at BA that was ultimately to cost its reputation dearly amid the accusations of "dirty tricks" which led to the Virgin Atlantic fiasco.

One observer went so far as to describe Mr Levin as "the dark side to Colin's moon". If such a dark side exists, some light may soon be shed on this enigmatic figure. He was an avid note taker and his BA files are reported to have been put up for auction by a New York lawyer.

Mr Levin, who once occupied an adjoining office to Sir Colin, was dismissed from BA in late 1992 after a secretary brought a sexual harassment suit in the US. BA eventually settled the \$5m court action. His name could have emerged again had the Virgin libel action continued, since it appeared in notes compiled by Mr Branson in his personal

aviation notebook. The spectre of his former adviser has proved an irritant not only to Sir Colin, but also to other directors, some of whom seem at a loss to explain his apparent influence during his time at BA.

Leaving aside the legacy of Mr Levin's management style and the Virgin debacle – and it is far from clear yet whether BA has put both behind it – Sir Colin needs to restore morale quickly. BA is currently engaged on several international fronts, pursuing its globalisation strategy as well as having to cope with the current airline industry recession.

Global expansion has been the second phase of Sir Colin's overall strategy. The first priority when he joined Lord King was to transform BA's essentially engineering and operational culture into a market-driven one.

The real problem with BA, he once wrote, was that the airline "had forgotten that it was a service industry". One of the first things he did at BA was to put everyone, starting with himself, through customer service training. "He leads by example," observed one former BA consultant.

While taking a lead among European carriers in restructuring the airline, with sweeping job cuts and strong emphasis on holding

When Richard McBrien, a London freelance author, published *Buying Direct from the USA* last June, it seemed a guaranteed best-seller. The booklet told British consumers how they could order by mail from the US products from jeans to computer software for two-thirds or less of the price at home - even after carriage, excise taxes and VAT.

But the publication's popularity proved short-lived. After sterling fell out of the European exchange rate mechanism in the autumn, sales - which had been as high as 200 copies a day - dwindled rapidly.

Although Mr McBrien still gets some inquiries, most concern items unobtainable in Britain, such as spare parts for American classic cars.

Sex with Madonna (the book) can be had in London for barely two-thirds its New York price

For British tourists and shoppers, the great American fire sale is over. Since its 1992 peak of \$2,004 in early September, the pound has lost almost 30 per cent of its value against the dollar, largely erasing the differential in transatlantic prices which last year turned the US into a vast bargain basement.

Yet though the US no longer offers outstanding value, it is still far from prohibitively expensive. An FT survey this week of a sample of goods and services found, at a working exchange rate of \$1.45 to the pound, relatively few cost much more in New York than in London - and many

were still cheaper.

Compared with a similar survey last July, among the most striking shifts in London's favour were car prices. The list price of a Japanese-made Toyota Lexus luxury saloon, which eight months ago was 29 per cent less in New York (including taxes), is 8 per cent higher there today. The US-made Jeep Cherokee, recently launched in the UK, costs 15 per cent more on its home

market.

Sex with Madonna (the book)

can be had in London for barely two-thirds its New York price

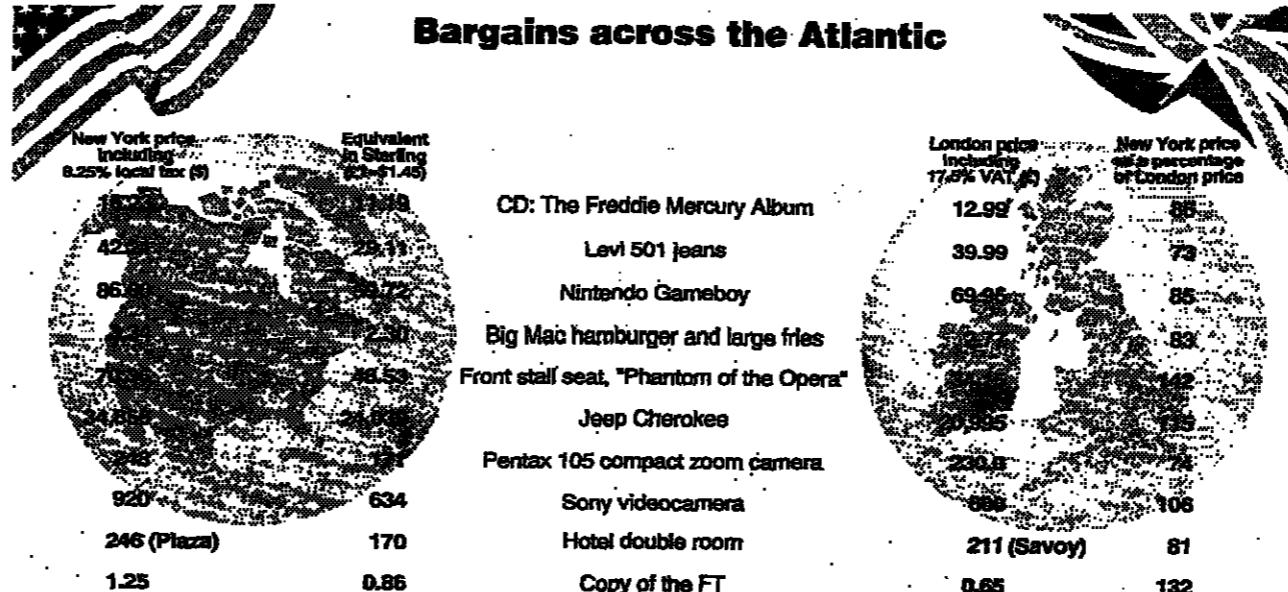
which cost 39 per cent less than in London in July, is now priced at 6 per cent more - though the US version is, admittedly, a newer model.

However, recently issued compact discs are still about a sixth cheaper in New York, as are Nintendo Gameboys. A Japanese-made Pentax zoom camera sells for a third less than in Britain, and the difference in the price of Levi Strauss jeans is even bigger.

Such savings may no longer be enough to tempt shoppers across the Atlantic. But unless

Farewell to the fire sale

Sterling's fall is shifting the balance of power between US and UK consumers, write Guy de Jonquieres and Michael Skapinker



sterling plunges much further, living costs for British visitors should still be affordable once they get there - even on Manhattan, probably the most expensive destination in the US.

At \$3.34, a Big Mac hamburger and large fries is 17 per cent cheaper than in central London. At the other end of the scale, the discreetly luxurious Carlyle Hotel offers a \$29 three-course set lunch. Even after the near-obligatory 20 per

cent service charge, that compares well with the \$25 table d'hôte meal at the Connaught, the Carlyle's nearest London equivalent. The cheapest double room at the Plaza on Fifth Avenue is \$246, about £170 at recent exchange rates. By contrast, London's Savoy charges £211.

Partly for these reasons, the travel industry is far from despondent about prospects for British tourist traffic to the US. The Plaza says it had 50 per

cent more UK guests staying last month than a year before. Thomson, Britain's biggest travel company, says the falling pound has not affected the group's US bookings.

Many British tour operators have insulated themselves against sterling's fall by taking out foreign exchange cover.

Thomson, which bought dollars forward at a rate of about \$1.90, is guaranteeing to meet its current brochure prices until the end of the summer.

For those yearning to see Mickey Mouse in his natural habitat, BA currently charges £2,322 for a one-week, all-in trip to Florida's Disney World for a family of four, compared with £705 for two nights at Eurodisney. But on a per night basis the cost is comparable. In any case, who wants to visit northern France in February?

The owners are mixed as to how many transatlantic tourists will be drawn to Britain this year. Travel agents and

For the British, holidays in France will cost a lot more, say FT reporters

A dearer year in Provence

stage, though Mrs Philip Hawkes, an estate agent in Paris, says that of the 30 châteaux she sold in 1992, a third were to British purchasers.

As these expatriate owners watch the pound sink on the foreign exchanges, they may be consoling themselves with the thought that devaluation has, at least, created a substantial capital gain on their investments. But they may be deprived even of that compensation.

Mr Vivian Bridge of Northern France Properties estimates that the value of the type of rural property most favoured by British buyers has dropped by about 30 per cent in the past year, mostly since Black Wednesday. The number of sales has fallen by about 40 per cent.

Mrs Sarah Francis of Sifex, another London-based agent, says the market has been particularly weak for properties worth between £30,000 and £100,000. Many agents report a sharp rise in the number of expatriate owners seeking to sell. The problem is the British have come to dominate the market in many remote parts of the country, as the native population has

moved to big cities. As a consequence, the best hope of selling is to another Briton. But of those who are still interested in buying, many are said to be holding back in the hope that the market will sink further, or the franc will be devalued.

France has traditionally vied with Spain as the most popular foreign destination for British tourists since long before they started buying second homes there. According to the British Tourist Authority, 7.4m of them took holidays there in 1991.

Though official figures are not yet available, some in the travel industry believe bookings in December for French holidays this summer were well down on the previous year. However, the picture is patchy. Gîtes de France, an organisation which rents French holiday cottages, says that though bookings from the UK were weak before Christmas, last month they were 7 per cent up on the previous year.

French Country Cruises, which sells canal boat holidays in France, says summer bookings are similar to a year ago, but only because of one large group booking. It has

raised prices by 15 per cent since Black Wednesday and is considering a further currency surcharge.

P&O European Ferries, the largest cross-Channel carrier, plans no increase in fares to France, though devaluation is forcing it to absorb sizeable cost increases. It hopes the pound's reduced purchasing power will not affect business too badly, arguing that even at the current exchange rate the average cost of food and lodgings is lower in France than in Britain.

By all accounts, sterling's weakness has not deterred Britons from taking advantage of the big increase since the start of the year in the value of the duty-paid purchases which they may legally bring back from other parts of the EC. At the Mammouth hypermarket in Calais, sales of alcoholic drinks to British customers was up 20 per cent last month. "There are still a lot of bargains for the day tripper," says Mr Bill Simpson of Courage, the brewing and retailing group, who visited Calais last weekend to see the competitive threat for himself.

Anxieties on this score, along with the depressed state of the British economy, are likely to restrain price rises on French wine and spirits imports. "I expect prices to move broadly in line with inflation, rather than make up for the devaluation," says Mr Chris Banks, marketing director of JR Phillips, a wine and spirits distributor.

Though French wine prices rose by between 5 and 10 per cent after Black Wednesday, they face increasing competition from "new world" producers in countries such as Australia and South Africa.

"Concern about losing market share is likely to ensure a cautious approach to any further increases," says a spokeswoman for Oddbins, the UK retail chain.

A similar line is being taken by champagne houses such as Bollinger, which has not raised UK prices for two years, and by French cognac producers, which saw their British sales fall 12 per cent last year. Remy Martin, one of the leading marques, says it has no price increases planned.

Meanwhile, devaluation has prompted some British companies to capitalise on opportunities for

import substitution. Northern Foods, Marks & Spencer's biggest food supplier, is considering producing in the UK popular delicacies such as *fromage frais*, most of which is currently shipped in from France.

Whether or not such plans lead to fewer French products being sold in Britain, stand by for more visits by the French themselves. The BTA's Paris office says inquiries through the Minitel electronic

been normal for many internationally traded consumer products.

For instance, British retailers say most Japanese consumer electronics companies have persistently charged them trade prices 20 per cent higher than in the US, even though the manufacturing cost of the products concerned was the same. Equally, car prices have long been lower in the US than on the other side of the Atlantic.

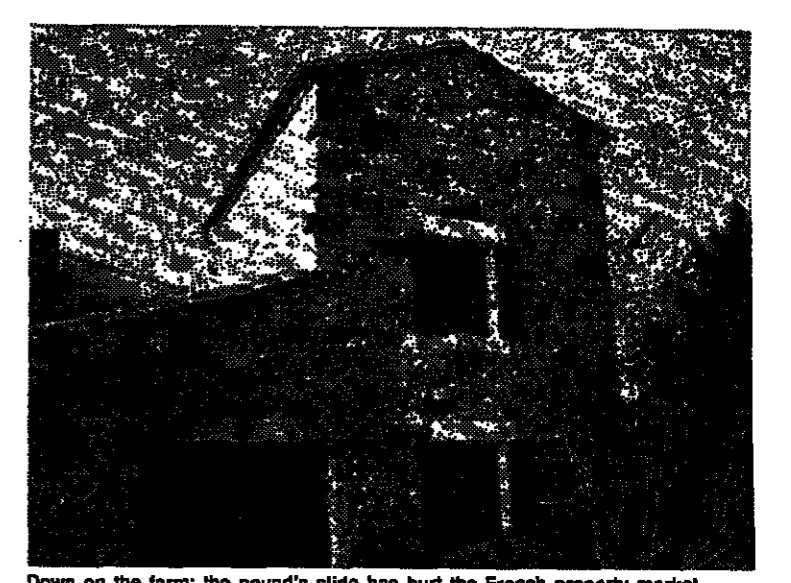
However, the pattern may be changing. Timberland, the Maine producer of leisurewear, and Lands' End, a mail order clothing company based in Wisconsin which began selling in Britain two years ago, say they are holding their UK prices by April.

Mr Bill Melly, director of the Oxford Street Traders' Association, which represents many West End stores, is also cautiously optimistic that his

members will see more transatlantic customers this summer - provided there are no more serious bomb explosions in the area.

But there would also seem quite a lot of margin to cut. Six months ago, Timberland shoes cost a third more in Britain than in the US, while the price of the same shirt in Lands' End's US catalogue was half that in the UK version.

New York research by Rikka Nachoma



Down on the farm: the pound's slide has hurt the French property market

information system about holidays in Britain trebled to 75,000 last year. Mr Pierre Bergasse, deputy director, attributes some of the increase to the cheap pound. But he also concedes that another explanation may be that more people have discovered how to use Minitel.

Reporting by Guy de Jonquieres, Vanessa Houlder, Gary Mead, Philip Raustone and Michael Skapinker in London and David Buchan in Paris.

daunt individuals still unclear where obligations end and rights begin.

The afternoon tabloid newspapers, aimed at the middle-aged male worker, provide a clue to the image this generation finds appealing. Each day, the papers are dominated by the name and an action photograph of Mr Shigeo Nagashima, 56, a legendary slugger who has returned from a 12-year retirement to coach the country's best-known baseball team, the Yomiuri Giants. The well-dressed Mr Nagashima's training tips are plastered across the news pages, giving the impression that he is a modern-day oracle. He is taken far more seriously than the country's politicians, who are keen to be photographed in his presence.

A youth magazine surveyed its readers on the man they would most like to have as the department head in their office, and Mr Nagashima came out on top. At least in one respect, some of the younger generation still share the ideals of their superiors.

Japan's middle management is losing its identity, says Robert Thomson

That terrible tap on the shoulder



The country is searching for a new role in Asia, a new relationship with the US, and a new international identity.

The Pioneer case also emphasised to workers that past loyalties are up

for renegotiation in a period of corporate restructuring. Cost-cutting programmes have generally targeted women and part-time workers, who are not thought to be party to lifetime employment agreements

and whose retrenchment does not cause controversy.

Companies other than Pioneer have already told middle managers to move on, but less bluntly. Managers working in head office may be told that they will be transferred to a remote sales branch, meaning that there is no place for them within the company. The verdict is often delivered in obscure language, though a lack of explanation is considered to be the "Japanese way".

The 58-year-old wife of one of the Pioneer 33 argued that this vagueness is unacceptable to a worker faithful for four decades, singing the company song, eating in the canteen, and devoting most of his "quality time" to the office and not the family: "He's been with them for 40 years. I guess there's no point in being angry, but things should be

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At least in one respect, some of the younger generation still share the ideals of their superiors.

Encouraging development for local policymaking

From Mr Michael Gardiner.

Mr. Hurlah, the chief executive of the Local Government Commission for England, in his Personal View ("Power must return to the provinces", February 4), all power to his elbow.

The opportunity for citizens to participate in meaningful decisions affecting their communities is being extended in this part of the country by the use of "consultative committees".

These allow elected represen-

tatives to receive advice from

specialists working within the local community and is helping to improve policymaking. It is a development that should be encouraged.

Many people will agree with Martin Eastal's final sentence

"if the principle of 'subsidiarity' is right for Europe, why is it not also right for Britain?"

Let us hope that the work of the commission will result in power returning to the provinces.

Michael Gardiner,
22 Old Vicarage Green,
Keynsham,
Bristol BS18 2DO

Daf never big enough to absorb Leyland

From Denis A. I. Wright.

Sir, Your article "Driven to a grinding halt" (February 3) with respect fails to address itself to the real problems within Daf. The dream to become an important player in the European truck league was fraught with problems from the outset. The company may have posted record profits in 1992, but so they should have, when truck sales throughout Europe were at record levels.

I suggest that Daf was never a big enough company (in every sense) to have absorbed

Leyleyland in the beginning. Being the market leader in the UK, on the one hand, and losing money on the other, is pure vanity; surely their priorities should have been rationalisation, model integration and restructuring, thus enabling them to have a better chance of competing in a European market that has been suffering with overcapacity for years.

Is this the golden opportunity for Hino to take over Leyland in the UK?

Denis A. I. Wright,
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Rugby CV22 6PN

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest

COMPANY NEWS: UK

Chairman denies departure connected to Virgin affair Board shuffle at BA as Lord King steps down

By Michael Cassell,
Business Correspondent

LORD KING stepped down yesterday as chairman of British Airways, six months ahead of schedule, in an attempt to bring to an end the continuing controversy over the airline's "dirty tricks" campaign against Virgin Atlantic.

Lord King, who angrily denied that his departure was connected to Virgin's recent High Court libel victory, said he was going early, after nearly 12 years as chairman, to "remove uncertainty and speculation" about the future leadership of BA.

He described his time at BA as "the crowning achievement of my life".

Sir Colin Marshall, chief executive for 10 years, becomes executive chairman of the airline. Mr Robert Ayling, head of marketing and operations, takes up the new post of group managing director.

Lord King's election as president of BA, for an initial three-year period, was accompanied

by a decision to enlist one extra non-executive director – yet to be appointed – and to enhance the role of non-executive board members in monitoring the performance of executive directors.

Sir Michael Angus, president of the Confederation of British Industry, who until yesterday was joint deputy chairman with Sir Colin, becomes the sole deputy chairman, with responsibility for leading the non-executive directors and heading the monitoring process.

Sir Colin paid tribute to Lord King, with whom he had enjoyed a "remarkably successful partnership". He said his departure represented "the end of an era" during which he had made an outstanding contribution to BA's conversion from a loss-making state enterprise to one of the world's most profitable airlines.

He added: "It was his decision to go and it was a generous gesture. He took it to ensure the organisation is better able to settle down and does not have to endure continued speculation".

Mr Marcus said BA does not again make it liable to the group's "uncertainty and speculation" about the future leadership of BA.

He described his time at BA as "the crowning achievement of my life".

Sir Colin Marshall, chief executive for 10 years, becomes executive chairman of the airline. Mr Robert Ayling, head of marketing and operations, takes up the new post of group managing director.

Lord King's election as president of BA, for an initial three-year period, was accompanied

Birse runs up £2.7m loss

By Andrew Taylor,
Construction Correspondent

BIRSE GROUP yesterday announced details of a refinancing of its bank loans which it said should put to rest rumours that it was about to join other construction companies which had failed.

Mr Peter Birse, chairman, said that all of the company's short-term borrowings had been rescheduled on a "committed three-year basis to May 1996" reflecting the banks' confidence in the group's long-term future.

At the same time Birse announced a pre-tax loss of £2.7m for the six months to the end of October compared with £1.6m.

The company, in which Bilfinger Berger, the German contractor, has a 15 per cent stake, has decided not to pay an interim dividend (1.65p). This is after making a loss per share of 3.6p (1.8p earnings). Turnover fell from £189m to £164m.

Operating losses amounted to £428,000 (£3.35m profits) and the pre-tax result was after a jump in interest charges from £1.2m to £2.2m.

Mr Birse, commenting on the

results and the refinancing, said: "There have been a lot of rumours lately, mostly spread by competitors, that we were about to go down the same route as Budge and Lilley, which recently went into receivership. We have been very successful in winning work and increasing our market share, because we offer customers a very competitive price. This has prompted envy from competitors which have been trying to undermine our business."

Mr Birse said that the banks had agreed to reschedule all of the group's debts with any extra cost in borrowing "which they would not have done if they had any doubts about our future."

The switch from short-term to medium-term borrowing also means that the company will find it easier to satisfy financial criteria demanded by some utilities before they will allow companies to tender for work.

Nonetheless, Birse remains highly geared. Net debt of approaching £40m at the end of October compared with shareholders' funds of £25m. Debt is expected to fall to £30m by the

end of the financial year at April 30, leaving gearing still in excess of 100 per cent.

The company said that trading conditions continued to be very harsh. It remained determined, however, to maintain its high level of business and keep its construction team together, even if it meant continuing to bid very competitive prices and upsetting competitors.

The shares closed 24p down at 304p.

COMMENT

The good news for shareholders is that Birse's bankers have taken the view that the company is worth supporting and will survive. Having said that, the trading outlook, in the company's own words, remains harsh. Contracting at best will break even for the year while commercial property is likely to remain a tough market for at least another 18 months.

The company, however, is no longer under any immediate pressure to sell property at distressed prices to reduce borrowings. Losses for the year could total £5m to £6m say analysts.

The shares are unlikely to attract new buyers.

Stake sale knocks 4½p off Queens Moat shares

By Michael Skapinker,
Leisure Industries
Correspondent

SHARES IN Queens Moat Houses, the hotels group, fell 4½p to 53½p yesterday after an announcement that Mr Martin Marcus, deputy chairman, had sold 1.1m shares for £225,500.

Mr Marcus said he had sold the shares to fulfil personal obligations and that the transaction was not related to any aspect of the group's performance.

He sold 500,000 shares at 57.5p and 600,000 for 57p. He still holds an additional 1.16m Queens Moat shares.

Mr Marcus said the group's close season began on Monday and he would not have been able to deal in the company's shares until after the annual general meeting at the end of May.

He said: "One has to look to one's personal commitments." The sale did not reflect a lack of confidence in the company. "The fact that I have a pretty large holding goes to confirm that," he said.

Mr Marcus said Queens Moat hoped to make an announcement in "the not too distant future" on the use of an international hotel brand. Rumours have circulated for several months that Queens Moat intends to broaden its link with Holiday Inn.

Queens Moat is already a Holiday Inn franchisee on the Continent and in the UK. Holiday Inn is thought, however, to want to increase its UK presence. Last year, Scott's Hospitality, a Canadian company, changed the franchise of 15 of the UK hotels it owns and operates from Holiday Inn to Marriott.

0.37% accept Airtours offer

Airtours has received valid acceptances of its hostile bid for Owners Abroad, its rival holiday company, from shareholders representing 0.37 per cent of the capital.

Acceptances were likely to be low at the first closing date given that the Office of Fair Trading is still considering a referral to the Monopolies and Mergers Commission.

Mr Howard Klein, Owners Abroad chairman, called the level of acceptances paltry.

Hambros wins Norwegian case

By Maggie Urry

HAMBROS the ghost of Hilmar Reksten, the "Norwegian Cassius" whose bankruptcy in the 1970s nearly broke Hambros, the merchant bank, finally been laid? "I sincerely hope so," said Mr Christopher Sporborg, deputy chairman of Hambros, with some feeling.

Yesterday Hambros was in a court case in Oslo which it hopes will mark the end of an affair dating back to the 1973-74 oil shock and the shipping crisis that followed.

Hambros was being sued for £200m, plus interest on the amount since 1989, by the Norwegian Guarantee Institute, which had guaranteed Mr Reksten's loans, and by the trustees of Mr Reksten's estate. Mr Reksten died in 1990.

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Clifford shares leap on approach

By Peter Pearce and
Christopher Price

SHARES IN Clifford Foods, the dairy products, fruit juice and food group, yesterday soared 53p to 615p before settling back to 505p on news that it had received an approach that might lead to an offer for the company.

Analysts speculated last night that a hostile bid would have to find support among the family, board members and their associates who control some 55 per cent of the shares. However, the news of the

plaintiffs had claimed that Hambros had known about a fortune Mr Reksten had allegedly secreted away in overseas tax havens to avoid Norwegian tax. Mr Sporborg said yesterday, "If he had, we never got our hands on it."

As though Mr Reksten's shade could not resist a last laugh, Hambros shares were in turn yesterday as news of the bank's legal triumph took more than half an hour to filter through to the stock market.

Hambros shares opened at 289p and moved little until at 12.01 the bank announced that judgment in the case had been issued in Oslo and a further announcement would be made.

Fearing the worst, and that the bank might be made to pay the £200m plus sum, the shares plunged to 240p in the next few

minutes. It was 12.34 before a statement saying the court found in Hambros' favour appeared on the Stock Exchange screens.

The problem was that the 200-page judgment was in Norwegian. As soon as Hambros' lawyer in Oslo reached the word "acquitted" in the document the message was passed to Hambros and on to the Stock Exchange.

After that Hambros shares rapidly returned to the opening level and then gained another 15p to close at 310p.

Mr Sporborg said that he expected another claim against the bank to be dropped now. Hambros has had to bear its own costs in the case.

Hambros had lent "hundreds of millions" to Mr Reksten, who owned a fleet of oil tank-

ers, and Norwegian shipping owners generally in the 1970s. Mr Sporborg said: "After the oil shock the tanker market collapsed and the Norwegian government set up the Guarantee Institute to help Norwegian shipping companies by guaranteeing their loans.

After Mr Reksten's death Hambros came to a "full and final settlement" in 1982 with the institute and the trustees, which involved Hambros paying a substantial sum.

Hambros had thought that was the end of the matter, but in 1989 the plaintiffs started proceedings against Hambros, saying new evidence had come to light that Hambros had concealed information. The court yesterday found that there was no new evidence and the 1982 agreement should stand.

Northumbrian incurs loss and sells Lees

By Angus Foster

NORTHUMBRIAN Fine Foods, the biscuit and snacks maker, yesterday announced interim losses and said it had sold Lees of Scotland, the confectionery subsidiary which it bought in September 1991.

Negotiations on the sale delayed publication of Northumbrian's results, due on Wednesday. The company's shares, which were suspended on the USM pending the announcement, resumed trading yesterday and fell 2p to 15p.

For the half year to September 30 losses within Lees and price competition in the biscuit industry led to pre-tax losses at Northumbrian of £1.66m, compared with profits of £232,800 last time.

Continuing activities went from profits of £232,800 to losses of £180,400, before exceptional costs of £215,000 on restructuring.

Turnover more than doubled to £11.1m, because of the Lees contribution. Turnover on continuing activities increased 43 per cent to £5.99m. But margin pressure saw operating profits on continuing activities collapse from £203m to £27,600.

Losses per share amounted to 2.96p (earnings 0.79p) and the interim dividend is being passed – 0.75p was paid previously but the final was omitted.

Northumbrian paid £4.8m for Lees but the acquisition had performed poorly. The company admitted it paid too much for Lees, which made pre-tax losses of £232,800 in the six months to September 30.

Lees was sold to the Claymore Group, a private company led by Mr Raymond Miquel, who chaired Arthur Bell before it was acquired by Guinness.

Northumbrian will receive £1.15m in cash, payable between 1994 and 1996. The Lees brandnames will be retained by Northumbrian but Claymore has an option to acquire the brands for £1m.

Most importantly for Northumbrian, Claymore will increase Lees' borrowings of nearly £3m. That will reduce Northumbrian's net debt to £4.4m compared with £5.8m in March.

Allied Dunbar new business fall

By John Auters

ALLIED Dunbar Assurance, the financial services subsidiary of BAT Industries, yesterday announced a fall of 8 per cent in new business for 1992.

Regular premiums declined, roughly in line with a marked trend for the industry, by 9 per cent from £178.7m to £162.1m.

Single premium products, however, also fell by 8 per cent from £83.8m to £75.1m.

Single premium life and

approach comes at a time of much activity in the dairy sector in the run-up to the abolition of the Milk Marketing Board in 1994. Also, Clifford announced in October a 80 per cent decline in pre-tax profits to £10.8m (23.5m) for the first half of 1992.

According to analysts, there are several companies which could be courting Clifford. The favourite appears to be Unigate, the dairy products and food group, which is said to have made little secret of its desire to expand its liquid milk manufacturing operations. Clifford's

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Single premium life and

NEWS DIGEST

Armour falls 8% to £0.83m purchase

TOPS Estates, the shops and office property company, is paying £20.3m cash to George Wimpey for the long leasehold Clayton Square shopping centre in Liverpool.

Gross rents receivable amount to more than £2.3m before the letting of vacant units and is Tops' first purchase in almost four years.

Tesco's Catteau purchase cleared

THE EC Commission has cleared Tesco's FFr1.47bn (£180m) acquisition of Catteau, the food retailer which operates 90 stores in northern France.

The figures for the half year to October 31 reflected a sharp downturn in trade following the pound's devaluation in September. That affected trade in October and November, the key trading month for the group.

Turnover rose to £12.34m, an improvement of 9 per cent over last year's £11.34m.

Sales for December and January were above last year's levels and February had started "very positively". Business had "definitely improved" in export markets.

Gross margin improved to 26.2 per cent from 25.5 per cent in the year to October 31.

Operating profit improved to £1.05m from £0.95m in the year to October 31.

Net profit improved to £0.83m from £0.75m in the year to October 31.

Operating profit improved to £1.05m from £0.95m in the year to October 31.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

A morning after feeling
THE DOLLAR failed to break above Thursday's peak of DM1.6670 against the German mark yesterday, after the January non-farm payroll figure in the US came through as the market had expected, writes James Birtz.

The payroll figure rose by 106,000 on the month, slightly less than the market estimate of 108,000. The dollar, which opened at about DM1.6605 in New York, initially climbed 1% against the news, peaked at DM1.6655, but later fell back to close in London at DM1.6545, virtually unchanged on the day.

Mr Neil MacKinnon, an economist at Citibank in London, said that the payroll figure had not diverted him from his belief that the dollar will touch DM1.75 or DM1.80 this year.

However, he warned that the dollar had gained only 1% pence in the 24 hours between the Bundesbank cutting rates and the payroll figure being

putting in jeopardy a Yes vote in the second Danish referendum on May 18 – the prospect of which would undermine the ERM yet again.

The French authorities eased money market tensions by announcing a cut in the overnight rate by 1/2 per cent. This, in turn, brought down 1 month French francs to 11 1/4 per cent from 15 per cent it touched earlier in the week.

But the cost of the D-Mark/French parity is not getting cheaper. Last August, 3-month French francs and 3-month D-Marks were both at around 9 1/2 per cent.

The Danish krone hovered around its ERM parity of DKR3.814 to the D-Mark, a remarkable jump from Thursday morning when it was trading at the floor.

However, 3-month krone are quoted to be quoted at the remarkably high level of 14 1/4 per cent.

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E IN NEW YORK

Feb 5	Latest	Previous Close
US\$	1,4670-1,4680	1,4610-1,4620
1 month	0.36-0.39%	0.37-0.39%
3 months	0.36-0.39%	0.37-0.39%
12 months	0.25-0.28%	0.25-0.28%

Forward premiums and discounts apply to the US dollar

STERLING INDEX

Feb 5	Latest	Previous
77.7	77.7	76.8
77.4	77.4	76.5
77.5	77.5	76.5
77.6	77.6	77.3
77.7	77.7	77.3
77.8	77.8	77.3
77.9	77.9	77.3

Forward premiums and discounts apply to the US dollar

CURRENCY RATES

Feb 5	Bank 4	Special 1	European 1	Central 1	Currency Unit	Bank 4	Special 1	European 1	Central 1	Bank 4	Special 1	European 1	Central 1	Bank 4	Special 1	European 1	Central 1	Bank 4	Special 1	European 1	Central 1
US\$	1,0470-1,0480	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0470-1,0480	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0470-1,0480	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0470-1,0480	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0470-1,0480	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420
1 month	0.36-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.36-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.36-0.39%	0.37-0.39%	0.37-0.39%	0.36-0.39%	0.36-0.39%	0.37-0.39%	0.37-0.39%	0.36-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	
3 months	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	
12 months	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	

4. Bank code refers to central bank discount rates. Rates are given in pence for the US dollar, Spain and Ireland. 5. Special rates are for Feb 4.

6. All 500 rates are for Feb 4.

CURRENCY MOVEMENTS

Feb 5	Bank 4	Special 1	European 1	Central 1	Currency	Changes %
US\$	1,0470-1,0480	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0470-1,0480
1 month	0.36-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.36-0.39%
3 months	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%
12 months	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%

Forward premiums and discounts apply to the US dollar

DOLLAR SPOT - FORWARD AGAINST THE POUND

Feb 5	Day's opened	Open	One month	% p.c.	Three months	% p.c.	12 months	% p.c.
US\$	1,0470-1,0480	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420
1 month	0.36-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%
3 months	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%
12 months	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%

Forward premiums and discounts apply to the US dollar

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 5	Day's opened	Open	One month	% p.c.	Three months	% p.c.	12 months	% p.c.
US\$	1,0470-1,0480	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420
1 month	0.36-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%
3 months	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%	0.25-0.28%
12 months	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%	0.19-0.22%

Forward premiums and discounts apply to the US dollar

EURO-CURRENCY INTEREST RATES

Feb 5	Short term	7 Days	One Month	Three Months	Six Months	One Year
US\$	1,0470-1,0480	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420	1,0410-1,0420
1 month	0.36-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%	0.37-0.39%
3						

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday, and settled through the Stock Exchange Tallyman system. They are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom Ltd.

• Bargains done the previous day.

British Funds, etc. No. of bargains included 3445

Treasury 13 1/2% Gnd Bds 200000 - £133.33

Guaranteed Export Finance Corp PLC 100% Gnd Bds 200000 - £100.000000 - 2127.7% (25/25)

12% Gnd Ln 5% Subd 200000 - 2127.7% (25/25)

200000/British Bank PLC 9% Gnd Bds 200000 - £100.000000 - 2127.8% (25/25)

12% Gnd Ln 5% Subd 200000 - 2127.8% (25/25)

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US jobless rate falls as economy gains strength

By Michael Prowse
In Washington

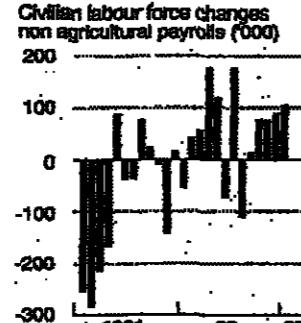
A FALL IN US unemployment to 7.1 per cent, the lowest level in a year, yesterday indicated that faster growth in the economy is beginning to dent high levels of joblessness.

A White House spokeswoman welcomed the figures but noted that the jobless rate was still higher than at the end of the recession in the first half of 1991. President Bill Clinton believed it was still necessary to "kick-start" the economy because of the relatively slow pace of job creation, she said.

The January unemployment rate compares with levels of 7.3 per cent in December and a peak of 7.7 per cent last June, the Labour Department reported. Adult male unemployment fell particularly sharply last month, to 6.4 per cent against 6.8 per cent in December.

In another sign of economic strength, the length of the average working week in manufacturing industry rose from 41.2 to 41.4 hours — the highest level in

US employment



Source: Dateline

rapid increases in output per worker. US productivity rose 2.7 per cent last year, the biggest increase for 20 years.

Mr Richard Berner, chief economist at Mellon Bank in Pittsburgh, said the employment report was stronger than it looked. The proportion of industrial sectors reporting higher employment had risen sharply in the past three months, suggesting that the recovery was becoming more firmly established.

There had also been an encouraging decline in the numbers of workers forced to work part-time as opposed to full-time.

ectors registering employment gains last month included manufacturing, transport and the retail and wholesale trades.

Manufacturing employment has risen by 50,000 to 18.1m in the past three months, sluggish growth by past standards but a big improvement on the previous three months when 200,000 factory jobs disappeared. Construction employment, however, fell 37,000 last month, reflecting the continuing weakness of commercial real estate markets.

Clydeside shipworkers on strike after rejecting two-year offer

By David Goodhart,
Labour Editor

WORKERS at the Yarrow warship yard on Clydeside have gone on indefinite strike for the first time since 1988 after rejecting the company's pay offer and their union officials' recommendation to accept it.

The 1,300 strikers, at the most successful of Britain's bigger warship yards, want a substantial increase on their basic weekly rate, currently £218 for a skilled man.

The company's two-year offer would give them a £300 lump sum payment immediately, followed by a 3.8 per cent rise in July. In return, the company wants some changes to working practices, including the abolition of a Friday morning tea-break.

Yarrow, owned by Britain's

Strikes are now rare at the once militant Clyde shipyards, and in the UK as a whole there were only 21 stoppages in November, the last month for which figures are available. The strike at Yarrow is unlikely to herald a new wave of industrial action.

Public sector workers appear reluctant to take action against the government's 1.5 per cent pay norm and, according to the Confederation of British Industry, nearly one company in three is freezing pay or at least deferring the annual pay rise.

The CBI data are contested by pay analysts Incomes Data Services, which says that only one settlement in six is being frozen. National Westminster and Lloyds banks have decided to award no general increase.

Yarrow, owned by Britain's

Iveco Ford urges no bail-out for Daf

By Kevin Done,
Motor Industry Correspondent

IVECO FORD, the truck maker, urged the government yesterday not to "bail out" Daf, its Anglo-Dutch rival, which collapsed into administrative receivership earlier this week.

Mr Alan Fox, Iveco Ford chief executive, claimed in a letter to Mr Michael Heseltine, trade and industry secretary, that £780m of accumulated debts had been written off by the government when Daf took over Leyland Vehicles in 1987.

"Surely there can be no further government-funded financial support for a company with such a track record."

"We think it right that you do not intend to bail out Leyland Daf because clearly there is too much truck manufacturing capacity available even for an annual market of 50,000 new trucks," he said.

UK new truck sales were only 31,393 last year, 55 per cent down on the peak of 69,234 in 1989.

"Should there be any change in government policy in respect of direct or indirect support to Leyland Daf, then Iveco Ford Truck would look to receive an equal benefit and opportunity," Mr Fox said in his letter.

Iveco Ford, a joint venture between Iveco, commercial vehicle subsidiary of Fiat of Italy, and Ford, the US vehicle maker, lost the leadership of the UK new truck market to Daf two years ago.

Iveco Ford itself continued to lose £500,000 a week "due to the parlous state of the British truck market", Mr Fox said. The Iveco Ford truck plant at Langley, Berks, could make 15,000 trucks a year, but was currently "screwed down to just 6,000. This is why we are losing money."

Iveco Ford Truck suffered losses in 1992 of £25-£30m, Mr Fox disclosed.

Leyland Daf Finance, the truck maker's hire purchase and leasing arm yesterday closed its five UK regional offices.

Company's town's glorious past, Page 4

Emu fast track considered

Continued from Page 1

gle currency. Any move to create a Franco-German-led monetary union outside Maastricht would be likely to invite legal challenge, not least because it would jeopardise the independence of Germany's central bank.

But the French official pointed out that, while Germany's central bank was in charge of day-to-day economic decisions, "the politicians have the last word".

This week, Sir Leon Brittan, EC trade commissioner, said if the ERM collapsed, "something would emerge from the wreckage". Observers interpreted his comments as a warning to UK

Euro-sceptics that they are wrong to assume that instability in the foreign exchange rates spells the end of Emu.

The increasingly public debate about a "fast track" to Emu may also be driven by tactical considerations in Paris and Bonn to bolster the franc in the run-up to the French parliamentary elections.

As one senior EC official pointed out, the more the currency markets believe there will be a Franco-German initiative to create fixed exchange rates, the less likely they are to attack the franc-D-Mark parity and the less likely the need therefore for a politically controversial move to a "fast track" Emu.

According to the speech, the French parliamentarians are not necessarily "but in the UK the classic route to the top has been via the City, Parliament, and above all accountancy. The result? One study in the mid-1980s suggested Britain had over 120,000 qualified accountants — 30 times

Jets in Ukraine arms bazaar

Continued from Page 1

been held in the past few months in Moscow. Western diplomats say they are even more concerned about murky arms deals in the central Asian republics, which are suspected of providing weapons to Iran.

But who supplies the weapons to the Ukrainian-Siberian Exchange? Mr Blinkov says the weapons are being supplied by a private Russian source, which claims to have the ability to manufacture arms to order as well as providing older weapons.

According to specifications supplied by the seller, the weapons can be delivered at various

ports in Russia and the Baltics and at an airport in the European region of the former Soviet Union.

The sole role of the exchange is to act as an intermediary between buyers and the seller, who will sign the final arms contract.

Why, then, choose the Ukrainian-Siberian exchange as a middleman which will take a commission of up to 2 per cent?

"I think that they wanted the transaction to occur at some distance from Moscow," Mr Blinkov said. Because the seller claims the capacity to produce weapons, he is convinced that "this is the state acting under cover of private business".

Heseltine takes swipe at accountants

Continued from Page 1

only one-third the number of craftsmen and technicians as in France and one quarter of those in Germany. And German industry is now worried that it cannot attract enough trainees."

His speech marked the increasing emphasis being put by Whitehall, including by Mr John Major, on a revival in manufacturing — a stark contrast to the focus on services under Mrs Margaret (now Baroness) Thatcher, the former prime minister.

He described manufacturing as

offering "a key to our future success" and to international competitiveness. The bulk of world trade was in manufactured goods. Financiers needed to understand businesses and "to look for rewards in the future, rather than the day after their investment".

Accountants were not unnecessary, "but in the UK the classic route to the top has been via the City, Parliament, and above all accountancy. The result? One study in the mid-1980s suggested Britain had over 120,000 qualified accountants — 30 times

more per head of population than Germany or Japan.

"Valuable though the services of lawyers and accountants can be, they cannot survive in a vacuum," he said. "They need clients; clients that are successful."

In fact, Mr Heseltine's number-crunching abilities fell short yesterday. There are currently more than 200,000 accountants registered with the five principal professional bodies in the UK and Ireland alone.

"So speaks a failed accountant," said Mr Ian Brindle, senior partner of Price Water-

house, one of the UK's largest accountancy firms, referring to the fact that the secretary of state for industry did not qualify in the 1980s.

Mr Andrew Colquhoun, secretary and chief executive of the Institute of Chartered Accountants in England and Wales, who spoke cautiously as the Institute reports to the DTI on regulatory matters, said comparisons with other countries were difficult. He said accountants controlled many highly successful companies such as BT, Glaxo and Grand Metropolitan.

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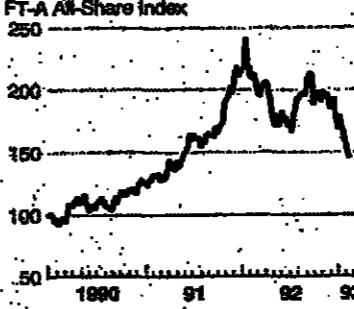
THE LEX COLUMN

On high ground

FT-SE Index: 2862.9 (-3.0)

Glaxo

Share price relative to the FT-A All-Share Index



Source: Dateline

Investment gurus who never expected the FT-SE index to rise much above 2,900 this year must have had a twinge of anxiety this week. The index briefly rose above that level on Thursday and, though it has since fallen back, the market is still within spitting distance of many year-end targets. There is a difference, of course, between the background now and the way it was when the forecasts were made. Both interest rates and the exchange rate have fallen much faster than was generally assumed. After such a monetary relaxation, equity valuations do not look stretched, even with an historic market multiple approaching 18.

But further advance depends on companies actually delivering higher earnings. Trading statements will be scrutinised particularly closely during the coming reporting season. A few nasty surprises on earnings or on dividends could set the market back. So could opportunistic rights issues, though the market may be over-doing worries on that score. Banks, the latest sector to be marked down on the prospect of large cash calls, are most unlikely candidates.

The biggest imponderable remains the impact of government borrowing when heavy PSBR funding gets underway. Assuming it is followed through, the Bundesbank's rate cut may have changed the equation slightly by allowing sterling to stabilise, limiting the inflationary threat from lower short-term rates. Gilt investors might thus not require such high yields. But easier German money is also boosting continental equity markets, which could lessen the relative attraction of UK

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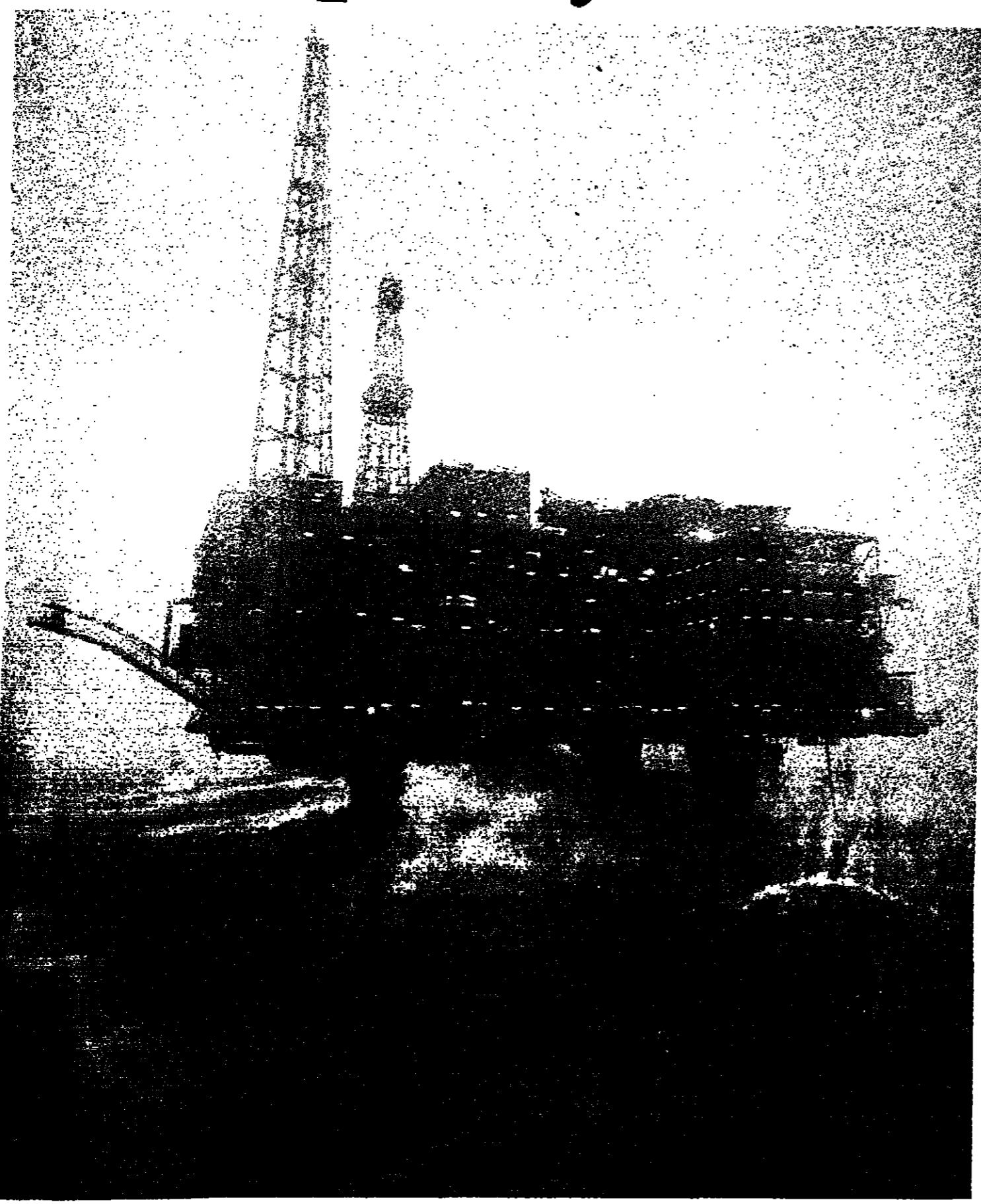
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Still plenty of North Sea life...



IT BEGAN to flow from the North Sea 25 years ago, providing Britain with a timely means to gild its fading fortunes. But, as the present row over coal has shown, oil is a resource over which the average Briton frets as much as he gloats. The nation must be mad to shut collieries, he says, when it measures its coal reserves in centuries but oil and gas only in years.

What is the truth? It depends who you talk to.

Ust is Britain's most northerly settlement, clustered round a wind-swept inlet of the Shetland islands – an area that drew unwelcome headlines last month when the tanker *Braser* ran on to rocks and spilled its entire cargo. Ust is where you board a helicopter for the 45-minute flight to the Ninian Central platform, one of those gigantic structures poking out of the sea bristling with cranes and pipes.

Ninian is a grand-daddy of the North Sea. It has been braving storms for 24 years, and it shows. Weather-beaten, man-battered, already it is a monument to Britain's oil age. It is like a small village, with 200 inhabitants and a huge factory attached. Its generators can produce enough electricity to power Edinburgh. Migrating birds have made it a staging post.

But it belongs to the past. When Ninian started, it sat astride one of the most productive fields yet found. The natural pressure in its vast reservoirs forced out 315,000 barrels of oil a day, enough to supply more than a fifth of Britain's needs on its own.

Today, liquid still gushes out of Ninian, but more than three-quarters is sea water which has to be pumped into the well to keep up the pressure. Ninian's workers now spend most of their time removing that water. They pipe the liquid into huge settling tanks where the oil separates out, rather like salad dressing left to stand.

To date, 1bn of Ninian's estimated 3bn barrels have been sucked out and Derek Smith, the Chevron platform manager, thinks they may be able to get 1bn more. But you can never suck an oil well completely dry. Ninian's future depends on whether they dream up more sophisticated ways of extracting oil, and whether its price rises enough to justify extra investment. But the future is inescapable. Ninian is dying, slowly. "The field could last until 2000 or 2005," says Smith.

Many people have claimed that Britain's oil wealth has been squandered. That is not the case at Ninian. Its glory days in the early 1980s also were the days of sky-high prices. It cashed in at the top of the market and provided the UK with a bonanza. Now, Ninian is having to

adjust to other realities of the North Sea: declining returns, rising costs, and the tougher regulations brought on by the 1988 Piper Alpha disaster. To boost its earnings and make full use of its 110-mile pipeline to the Shetlands, Ninian is developing a new rôle for itself as a collecting point for oil from neighbouring fields.

Ninian typifies a passing era. Britain's oil and gas production peaked in 1988 with 166m tonnes of oil equivalent, vastly more than its own needs of 127m tonnes. In 1991, output was down to 138m tonnes, barely meeting demand of 136m. Over the past 10 years, UK earnings from oil and gas have nearly halved – from more than £20bn to £11bn – and revenues from taxes and royalties have plummeted from £12bn to £1bn. In 1991, the oil and gas industry, with all the onshore jobs it sustains, accounted for a mere 1.5 per

cent of Britain's gross national product.

Oilmen will tell you that all the big North Sea fields probably have been found. In future, it is a matter of developing the smaller ones in between and finding ways to squeeze extra barrels out of the old ones. This decline has a lot to do with the weakness of the oil price, which is at a 20-year low in real terms. This is putting enormous pressure on the North Sea's traditionally high operating costs, and obliging the government to take a more lenient line on taxation and regulation. There is talk of some of the big US companies moving out.

The squeeze is apparent onshore as well. The great sea lochs of Scotland are packed with idle rigs; others are being towed thousands of miles to the new oil frontiers, such as Vietnam. Some months ago, Ben Line, one of the few British-owned rig operators, pulled out of the business because of slack demand. People in Aberdeen, Britain's oil capital, worry if the UK will preserve

PHOTOGRAPHY
JEFF JONES

enough of its stock of equipment and know-how to sustain an indigenous industry.

"UK-based industry is doing 80 per cent of the North Sea work but maybe only 5 per cent of the world market," says Ian Wood, chairman of John Wood Group, an Aberdeen-based energy service company. "We've made very little impact on the world scene. There's nothing like a Division 1 company in the UK." He is urging the government to help transform Aberdeen into an oil centre of world stature: a European Houston.

Two hundred miles south of Ninian is the Nelson rig. On the flight, you notice the multitude of platforms all around: to the east is Brent, another grand-daddy; to the south, Alwyn; to the west, Heather – all producing oil and gas. Gas flares create bright spots in the leaden sea. It does not look like an industry in decline.

Approaching Nelson, we pass the platforms of the Forties' field, British Petroleum's biggest find. The helicopter circles, testing the wind currents. On the helipad, heavily-kitted emergency teams stand by. The machine settles on to a patch of thick rope, to stop the wheels sliding.

The story on Nelson is rather different from Ninian. This is not a production platform with its feet on the sea floor; it is a floating drill rig, and it is looking for new oil rather than sucking out old. At its heart is a huge drill stem capable of reaching five miles under the ocean floor. Below us lies the Nelson field, as yet untapped but with upwards of 500m barrels of oil. There is a buzz in the air.

"That's Forties' sand," says John Shute, the project director at Enterprise Oil, a part-owner of the field. In his hand is a pile of wet sand which has been drawn up by the drill. He holds it under an ultra-violet light. It glows yellow, meaning that it is moist with oil. Nelson's proximity to the BP field is the reason for the excitement. It is small by comparison – about a fifth of Forties' size – but is one of the largest being developed, so it represents a chunk of the North Sea's future.

Nelson is typical of the advances made in 25 years of North Sea exploration. In the old days, individual rigs moved expensively around the surface, drilling a string of vertical holes in the seabed. Nelson can do it all from one spot. Using steering rig operators, pulled out of the business because of slack demand. People in Aberdeen, Britain's oil capital, worry if the UK will preserve

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MARKETS

London

Helmut, the charge is 'adventurism'

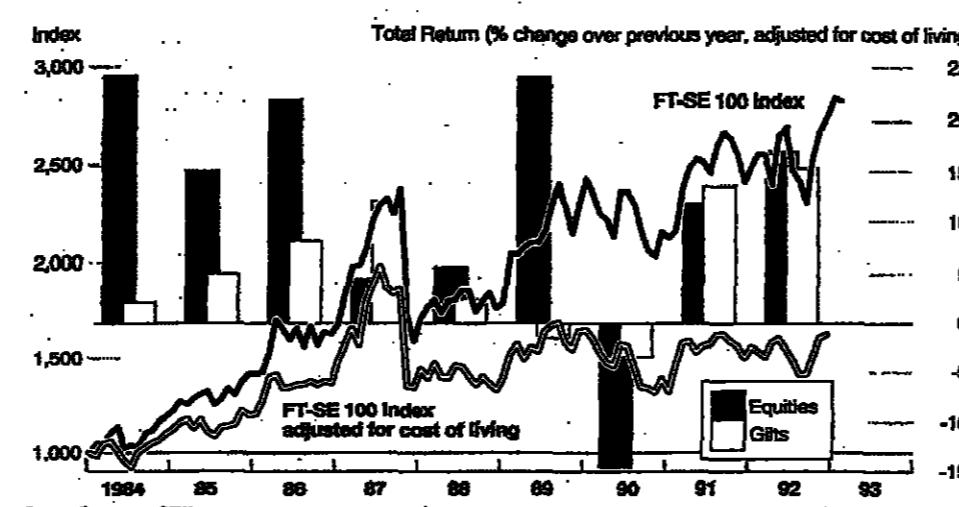
By Peter Martin, Financial Editor

ADVENTURISM - the charge levelled against the Russian central bank this week by President Boris Yeltsin - was also the theme of an attack on the Bundesbank by the German chambers of commerce.

For most European businessmen, Helmut Schlesinger, the Bundesbank president, has been the architect of an intolerably high level of interest rates. For them, the cut in German rates on Thursday came not a moment too soon.

Even the London stock market, less sensitive to the level of German interest rates since sterling's departure from the ERM, rejoiced. It rose to a new intra-day high after the cut, with the FT-SE 100 index passing briefly through 2,900 for the first time.

Yet the German chambers of commerce felt impelled to criticise the Bundesbank not for tightness but for excessive laxity. The eventual, essential conquest of inflation was threatened by the cut in rates,



Source: Datastream, BZW

imported goods, the FT-SE 100 index rose 1.6 per cent, to close at 2,851.6. Interest-rate sensitive stocks were among the big gainers.

Tuesday was calmer, and the index dropped back slightly. But by Wednesday, with fresh pressure on weaker European currencies and a growing expectation that the Bundesbank would ease rates the next day, the onward advance of equities resumed. Blue chips did particularly well, and the FT-SE index more than made up the previous day's losses, closing at a new high of 2,972.8. On Thursday, when the German announcement finally came, equities moved up again, then dropped back. They fell further on Friday, with the index closing the week at 2,862.9, for a total rise of 55.7. Volume was high - on Thursday, trading by clients was

over £2bn, its highest since the day sterling left the ERM. This enthusiasm for equities came against a steady rumble of worrying comment from analysts. One theme was the fact that British companies are paying out a higher proportion of their earnings than at any time since the mid 1980s.

For the market as a whole, dividend cover - the ratio of companies' dividends to after-tax earnings per share - has fallen below 1.8 times in recent weeks. For most of the 1970s and 1980s, it ranged between 2.2 and 3.0.

The figure highlights the extent to which companies have been prepared to keep dividend payouts high despite the impact of the recession on earnings - a fact that will be rammed home when the results season gets under way next Thursday.

The low level of dividend cover is ominous for equities, some analysts argue, because it implies that companies will be keen to rebuild cover as their earnings recover in the next few years.

A recent survey of company finance directors by James Capel showed that they hoped to rebuild cover over time to 2.3 times. To do this, says Capel's Paul Walton, "earnings have got to be growing a little faster than dividends for a considerable period of time."

Dividend growth is particularly important to the actuaries who calculate the adequacy of pension funds. Slow dividend growth will lower the likely return from equities relative to bonds, making institutions keener to buy equities.

Such a trend would be good news for the Treasury and the

Bank of England, faced with the task of selling record amounts of gilts this year. But it would be bad news for equities. Sushil Wadhwania and Mustaq Shah of Goldman Sachs reinforced this theme with a weighty piece of research examining the relative attractions of gilts and equities.

They concluded that equities are likely to outperform gilts by less than in the past; and that pension funds are likely to regard equity investment as "riskier" because of the need for steady income flows to pay the pensions of the growing proportion of retired members.

Equities would still remain the preferred investment, but would form a smaller proportion of assets than in the past, say the authors. This could be a medium-term drag on the performance of the stock market; shares would rise by less than would be warranted by improvements in earnings and interest rates.

Such thinking failed to influence institutional investors this week. Private clients have been bullish for months, according to David Jones, chief executive of the Sharelink dealing service. His figures show that trading by private clients has been high, and biased towards buying, ever since October. "They've only had one or two days in the last few months when we've had a 'normal' ratio of buys to sells," he says. For private clients, buying is now stronger than ever in the past five years, and it is widely spread: "They're buying everything, right across the market." In Russia, they would probably call that adventurism.

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Serious Money

Giving a pep to savers' incomes

By Philip Coggan, Personal Finance Editor

ANNUAL income twenty pounds, annual expenditure nineteen nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.

MICAWBER'S words in *David Copperfield* ring specially true for savers at the moment, with returns falling and spending still rising. How do they get a decent income now base rates have dropped to 6 per cent?

We devote two pages to the issue this week (see opposite); meanwhile, three well-known financial companies have launched similar products which attempt to meet this income need. All combine shares and bonds within a personal equity plan to offer a decent, tax-free income.

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amount paid each month will be small in early years.

Fidelity's tax-free income plan is based on a new unit trust called the High Income fund. This will invest in high-yielding equities and fixed-interest stocks and will have a yield of 6 per cent. Again, this yield allows for the effect of the annual management charge (a rather more hefty 1.25 per cent).

The initial charge on the Pep is 2 per cent (4 per cent for those who invest in the unit trust alone). This should mean the bid-offer spread for Pep investors is around 3 per cent.

As with its other Peps, Fidelity is making withdrawal charges

those made by Fidelity (although M&G imposes no withdrawal charges). There will be no "double charging" - that is, investors do not have to pay the fees of the underlying trusts as well. The minimum investment will be £1,000.

On a £6,000 M&G Pep investment, the annual income would be £360. The tax saving for a basic-rate payer would be £75, and £120 for a top-rate payer. Thus, it would take around four years for a basic-rate payer to earn back the initial charge of £270, and longer if one accounts for the 6 per cent bid-offer spread.

Why do the Fidelity and M&G plans have higher charges than the Cazenove fund? The simple answer is that they are paying commission to intermediaries to sell the fund and have to reclaim the cost from the investor.

Herein lies the paradox. Advisers and intermediaries are supposed to offer "best advice." The Cazenove fund has the highest yield and the lowest charges and is offered by a blue-chip name; it might seem an obvious piece of "best advice" to recommend it for those who need income. But it will probably raise less money than either of the other two.

Could there be a good reason for recommending any of the M&G and Fidelity funds ahead of Cazenove? One could argue that the lower the yield, the greater the potential for capital growth. But only up to a point. If two portfolios own exactly the same stocks, the one with the lowest charges will have the highest yield. Then there is the monthly income facility.

The minimum lump sum investment into the Fidelity fund is £1,000, or £50 for monthly savings.

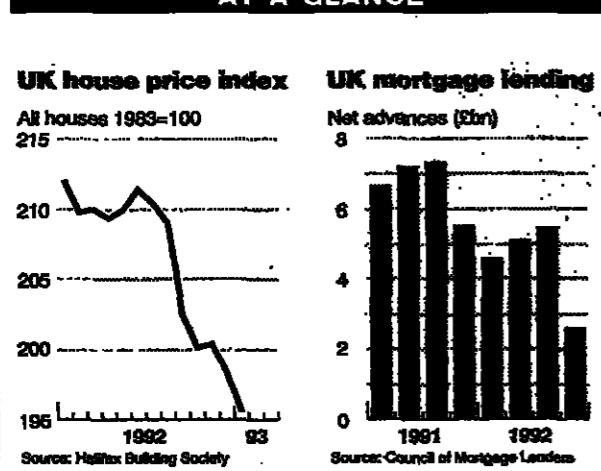
The M&G Managed Income fund offers, at around 5 per cent, the lowest yield of the three. It will invest in a variety of M&G's trusts, with up to 40 per cent in the group's Treasury fund and in its Gilt & Fixed interest fund.

The initial and annual charges of 4.5 and 1.5 per cent respectively are higher than

Wall Street

Dow breaks through to brave new heights

Wall Street



Mixed views on house prices

The Halifax and Nationwide Indices yet again gave conflicting information about the direction of UK house prices last month. Halifax, the country's biggest mortgage lender, reported that house prices had risen 0.4 per cent in January, while Nationwide, the second-largest building society, reported that prices had risen by 1.2 per cent last month, the biggest monthly rise since May 1991. However, both societies agreed that there had been an increase in the number of potential purchasers requesting mortgages and inquiring about properties for sale. Lending activity in the last quarter of 1992 was very depressed according to the Council of Mortgage Lenders. Net advances totalled £2.6bn, down from £5.5bn the previous quarter. The CML attributed the weak figures to lack of confidence on the part of potential housebuyers after sterling's exit from the exchange rate mechanism in September.

Bank charges to be levied

Save & Prosper/Robert Fleming has announced it will be introducing charges on its current account for those in credit. The move may be the beginning of the end of free banking in the UK. Midland was the first of the big four English banks to introduce it in 1989. From April 1, customers holding the S&P Current account with Robert Fleming & Co will be charged £5 when their balance falls below £1,000 on the last business day of the month. No interest will be paid on deposits below £1,000. The threshold had been £1,000.

Balmoral bugs being fixed

Bristol & West says it is solving the processing problems which have occurred with its Balmoral account; those who have yet to receive passbooks should receive them by Tuesday, February 9. The society says that interest will be credited from the day after cheques were received by it. Additional staff have been recruited to cope with the demand. From next week, says Bristol & West, customers sending cheques to open accounts will be sent their passbooks and account opening documentation or acknowledgement, by return of post.

Sharelink US shares service

Sharelink is launching an instant dealing service in US shares for UK investors. The service will be open during US market hours (2.30 to 9pm UK time). Minimum commission (for deals under £5,500) is £38 (around £26); on deals between £2,500 and £5,000, the rate is 1.5 per cent, the rate is then 0.75 per cent on the next £5,000; and 0.1 per cent on additional amounts over £10,000. For further details, call 021-205-4888.

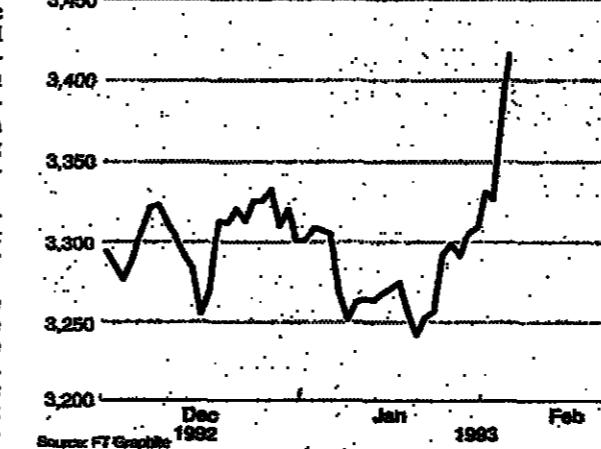
Pep commission refund offer

Garrison Investment Analysis, a FIMBRA member, is offering to refund to investors all but 2.25% of the commission it receives on Personal Equity Plans. This includes the M&G and Fidelity plans referred to in the Serious Money column. Further details can be obtained by calling 0742-500720.

Smaller companies revival

More good news for believers in the small companies revival this week. The Hoare Govett Index (capital gains version) rose 3.4 per cent from 1297.74 to 1342.07 over the week to February 4, and the County Index also climbed 3.4 per cent - from 1012.63 to 1047.76 - over the same period.

Dow Jones Industrial Average



Source: FT/Chaplin

This followed five years in which productivity growth averaged some 0.5 per cent and provides further evidence that the US economy is emerging from recession much faster and more competitive, which bodes well for profitability.

Yesterday's employment report for January was reasonably positive, with non-farm jobs rising by 106,000, in line with Wall Street expectations, but not good enough for it to cause appreciable inflationary anxiety in the bond market.

The most positive statistic of the week was the 2.7 per cent jump in US productivity in 1992, the largest gain in 20 years.

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This new vigour has also shown through in the financial reporting season, which is nearly over. Based on results

so far, analysts say operating earnings were up 20 per cent in the fourth quarter of 1992, compared with the same period of 1991, and they expect further strong rises as companies benefit from the recovering economy.

All this helped the Dow's great leap forward this week. Other factors may have included greater overseas interest in US stocks, caused by the economic revival and the strengthen dollar.

Furthermore, long bond yields have at last started moving strongly downwards. This week yields rose a little in response to the economic news, but this was offset by an announcement from the federal government that it will cut the volume of new 30-year bonds it sells next week, and is weighing a more permanent reduction in long-bond sales.

The stock market's rally may take a pause now, but many analysts believe the extremely heavy volume of the past week, coupled with the movement by investors into big, cyclical stocks, shows an underlying momentum that could carry the Dow 300 or more points higher over the next few months.

A substantial change in the interest rate cycle to tighter money could choke the rally, but this still seems a long way off, and for now the US markets are enjoying a benign world of low interest rates, low inflation and healthy economic growth.

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Investment Trusts

F&C: achievement with a touch of adventure

HERE IS a reassuring solidity about the Foreign and Colonial investment trust. It is both the largest trust - with gross assets of £1,405m - and the oldest.

Its name conjures up its Victorian origins. Founded in 1888, it was designed to offer investors a better return than that available on gilts (then yielding 3 per cent). The original portfolio contained such exotica as Danubian bonds and Egyptian railway loans.

Michael Hart, its joint manager, joined Foreign & Colonial in 1953 and has been running the trust since 1969. Along the way, he passed his company secretary examinations and studied at night school to get a degree from the London School of Economics.

The trust has an excellent long-term record - in terms of net asset performance, it was second in the international general sector over the 10 years to end-1992, according to the Association of Investment Trust Companies.

Someones who invested £1,000 in 1945, and then re-invested all the dividends, would now have more than £635,000; the same sum invested in a building society would have grown to just under £14,000.

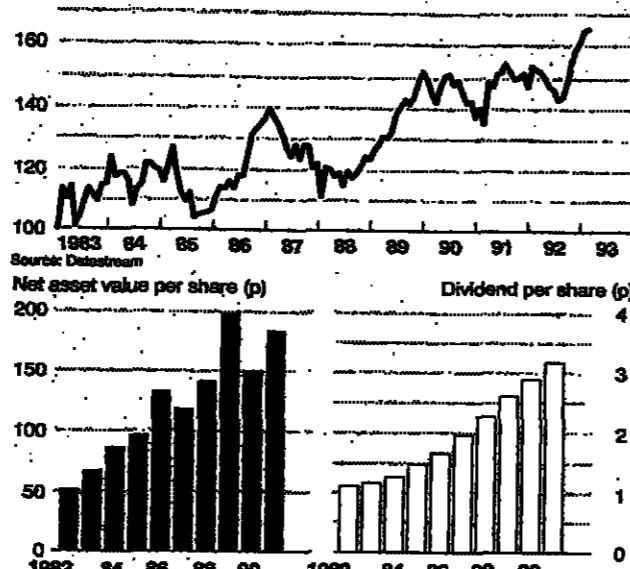
It all sounds respectable and solid but Foreign & Colonial actually does some quite risky things. It speculates in currencies - at the end of 1992, for example, 40 per cent of its assets were in the UK stock market but only 31 per cent were in sterling.

The trust is prepared to "gear up" by borrowing to invest in shares, as witnessed by its £10m debenture issue in November 1988. It is also willing to venture into unusual areas, being one of the first British investors to buy Japanese stocks - in 1981 - and moving into Brazil early in the 1970s.

Foreign & Colonial also tries to take a contrarian approach and buys into markets when they are unfashionable. This approach does not always work - the trust was too optimistic

Foreign & Colonial

Share price relative to the FT-A All-Share Index



about the Japanese market in 1992, for instance - but the strategy is crucial to long-term success.

Such a large trust, covering such a wide area, cannot be run by one man alone. Eric Elistob is the other joint manager, while Andrew Barker looks at the American market, Ian Wright at the Far East, and Stephen White at Europe.

At the end of 1992, the spread of assets was UK (40 per cent), Europe (15 per cent), US (30 per cent), Japan (9 per cent), other Far East (4 per cent) and Latin America (2 per cent). The list of 10 biggest stocks has an international flavour: BTR, Shell, BAT, Robert Fleming, Glaxo, Cable & Wireless and BT are all British but Home Depot, Great Lakes and Sysco are from the US.

It is Foreign & Colonial's international spread that appeals so much to private investors, who would find it very costly to construct such a diversified portfolio on their own. The global spread also explains its success, as the long-term fall in sterling has boosted the value of the

group's international stocks.

It does mean, though, that the trust can offer only a lowish yield - of 2 per cent - and does not qualify for full Pep status (see below). So, it is most suitable for those seeking long-term capital growth.

Large general investment trusts fell out of favour in the 1980s, and some - like Globe, once the largest trust of all - disappeared via takeover. But Foreign & Colonial has been nimble enough to avoid this fate; it was the first trust to launch a savings scheme in 1984.

Since then, the number of shareholders has almost quintupled - to 56,751 - which has helped to narrow the discount considerably.

The trust owns 35.5 per cent of its management company, Foreign & Colonial Management, which has around £7.5bn of assets under management. Hypo Bank of Bavaria owns a 50 per cent stake in F&C Management.

In 1991, the trust announced its 21st consecutive annual increase in dividend. That sort of consistency has been the

key to its success; and although Hart, who is 59, must retire some day, it is hard to see any reason why the trust should slip from its previous high standards.

■ Key facts. The trust had gross assets of £1,405m and net assets of £1,223m as of February 3. At the close of business that day, the net asset value per share was 227p and the shares were trading at 219p, a discount of 7.7 per cent. The dividend yield was 2 per cent and the annual management fee is 0.3 per cent.

■ Board. The trust has a large and diverse board. Apart from Hart, Elistob, Barker, Oliver Dawson and James Ogilvy, all from the management group, there is also Sir Timothy Bevan (a former Barclays chairman); Sir John Egan, the chief executive of BAA; Haruko Fukuda, a director of Nikkei Europe; Lord Lennox, a former ambassador to Spain; and Lord Rockley, vice-chairman of Kleinwort Benson. The chairman of the trust is John Schater, also chairman of Berisford International.

■ Savings scheme and Pep details.

The minimum investment in the savings scheme is £25 a month. The only charges are brokers' commission of 0.2 per cent and government stamp duty of 0.5 per cent.

Because Foreign & Colonial

has more than 50 per cent of its assets outside the European Community, it does not qualify for the full £5,000 annual Pep allowance. Instead, you can invest £1,500 into the main trust and top up with one of the other trusts run by the group.

On a lump sum Pep, there is an initial charge of £50 plus VAT (£5 plus VAT a month for regular savings); there is also an annual administration charge of £5 plus VAT a month. There is a top-up charge of £25 plus VAT and dealing charges within the Pep are 0.2 per cent. The minimum lump sum Pep investment is £2,000, or £100 a month.

Philip Coggan

Where there's a will . . .

... there's a way to appoint executors, says Scheherazade Daneshkhur

APPOINTING A friend as executor to your will might mean one friend less. So, considerate people often choose to give this onerous responsibility to a bank or solicitor. But they would be making a mistake according to *Which?*, the Consumer's Association's monthly magazine.

Simon Hinde, the editor, says: "Banks and solicitors can take years to administer a will and charge enormous sums for the privilege. Overcharging and incompetence can result in years of wrangling and cost thousands of pounds."

Which? quotes one case where the Midland bank misread a will and paid almost £50,000 too much in inheritance tax. A beneficiary spotted the mistake. It took two years to wind up the estate and the bank charged £11,000. One solicitor charged almost

£6,000 and took nearly five years to deal with a £120,000 will. He also retained a further £4,673 against potential charges.

In another case, Barclays bank charged more than £5,000 to close six bank accounts, wind up a pension and distribute the money among three people. It took seven months to do the work.

Which? estimates total bank charges for administering a simple will as: Barclays £6,072, Lloyds £5,776, Midland £4,622 and National Westminster £6,497. It advises people to appoint a professional as executor only as a last resort.

Anyone making a will has to appoint an executor to administer it after their death. The work involves paying taxes and debts, selling property, and ensuring that the beneficiaries receive their entitlements.

It is common to appoint a spouse or trusted relative and it is often a good idea for two people to share the responsibility, particularly if one is a beneficiary. Lay executors can then appoint professionals to carry out the work and will be able to exert more control over them.

Before appointing a friend or relative, their approval should be sought because there is little that beneficiaries can do if a lay executor does a bad job. They can be taken to court but negligence may be difficult to prove, quite apart from the expense.

People who use the will-writing service of a bank will find that a condition of the service is that the bank be made executor. But if you have to appoint a professional, *Which?* advises people to avoid banks in favour of a good solicitor. The professional's charges

should be established and there should be a clause in the will to arrange payment of these.

If you have grounds for complaint against a bank as executor, you should write to the Banking Ombudsman, Citadel House, 5-10 Fetter Lane, London EC4 1RE.

If your cause for grievance is a solicitor, write to the Solicitors' Complaints Bureau, Portland House, Stag Place, London SW1E 5BL. If you are dissatisfied with the outcome, you can take the matter further to the Legal Services Ombudsman, 22 Oxford Court, Oxford Street, Manchester M2 3WQ.

Anyone who has made a will should make sure that it is kept up to date. Mintel, the market research group, found that one in six is out of date, often because of remarriage or having children.

Unfortunately, most sensible people keep their money in the Building Society.

THE LATEST table of annuity rates reflects the falls which have taken place since the base rate cut. Since 1990, according to William Burrows of Annuity Direct, base rates have fallen by 60 per cent and annuity rates by 20 per cent.

These figures for annual payments are made on the assumption that annuities grow by 5 per cent each year. Last month's table quotes level annuities, which remain

unchanged and offer a higher initial annual pay-out.

Readers should also note that the Royal National Pension Fund for Nurses (RNPFN) provides annuities only for the medical profession.

All annuities are payable monthly in advance, and have no guarantee. The figures are supplied by the Annuity Bureau Limited, 11-12 Hanover Square, London W1R 9ED. Tel: 071-495 1495.

Top annuity rates

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ANNUITY RATES-PURCHASE PRICE £10,000

Open market Option annuity

Male age 63 Annuity Female age 60 Annuity
1. RNPFN £840.48 RNPFN £718.80
2. Canada Life £825.00 Equitable Life £687.00
3. Norwich Union £821.40 Norwich Union £883.28

Open market option annuity with 50% spouse's annuity

Male age 63/Female 60 Annuity Female 63/Male 60 Annuity
1. RNPFN £996.00 £921.52
2. Equitable Life £980.28 £946.96
3. Canada Life £976.20 £918.00

Immediate annuity

Male age 63 Annuity Male 63/Female 60 Annuity
1. RNPFN £121.40 RNPFN £106.32
2. Standard Life £781.20 Standard Life £648.00
3. General £774.50 General £641.45

Temporary Annuity - 15 year term

Male 63 Annuity Female 60/Male 63 Annuity
1. General £973.36 General £896.96
2. Standard Life £986.00 Standard Life £888.00
3. Royal Life £948.48 Providence Capital £824.00

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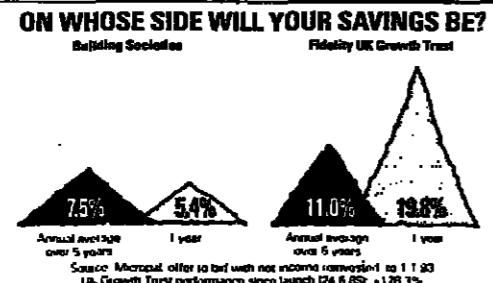
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Over the last five years, the Trust has averaged an annual return of 11.0% - compared to 7.5% from the building societies (see chart below). It's a gap that could widen in the future, now building society returns have fallen still further.

In addition, the UK Growth Trust has consistently beaten most of its competitors, appearing in the top quarter of all such trusts over 1,2,3 and 5 years. And when you invest through a PEP, all growth and income are tax-free.

This solid growth has been achieved by solid thinking. We think that investment success starts with us making over 4,000 company visits and contacts in Britain each year. Only then can our



FINANCE AND THE FAMILY

Diary of a Private Investor

Wanted: smaller firms' exchange

Kevin Goldstein-Jackson on the new SEATS system for share trading



FOR SOME years, I have complained about the difficulties of trading in the shares of some small companies. I found it was either impossible to buy any of their shares immediately, or that shares could be acquired only in small amounts of perhaps 250 at a time.

This made dealing costs, based on a minimum commission charge per deal, rather expensive. To sell the shares might also mean waiting some considerable time for a buyer to appear, or having to let them go in small parcels.

In a *Weekend FT* article last year, I welcomed the stock exchange's introduction of a Bulletin Board service with details of around 120 UK-listed and USM small companies. Brokers were able to use its screen pages to display details of their clients' requirements.

In November, the exchange replaced Bulletin Board with something even better: SEATS (the Stock Exchange Alternative Trading Service). Sadly, this has not received the publicity it deserves.

While Bulletin Board improved dealings in the shares of companies included

in it, concerns were expressed that the lack of competing limit orders for certain shares sometimes meant there was no two-way price available. This affected brokers' ability to deal and to place an effective valuation on the shares concerned.

With SEATS, the Bulletin

Board type of display continues, with brokers being able to act on a "matched bargain" basis. But where a company has a single market-maker, it must now display a bid-to-offer price at all times. Brokers wishing to deal in those shares must disclose what they want to do and allow the market-maker first refusal of it.

With various other incentives for market-makers, SEATS should encourage a more active market (although there are still some companies without a market-maker at all).

But the success of the system will depend on the number of people buying and selling shares in companies displayed on it. The more who trade, the better the service.

One broking firm seeking to attract private investors to its advantages is Dunbar Boyle & Kingsley. It has sent letters to a number of people (including myself) with shares in SEATS

companies, enclosing a brief research report on the company in which the investor has a holding and inviting him to request similar reports on a further 14.

DB&K's Robin Boyle

explains in his letter that his firm has made a particular point of researching the SEATS market. He says he is

"worried about the way the larger firms are working more and more for the big institutions" and, in his opinion, "ignoring the needs of the private investor."

Boyle claims that "a number of the large financial concerns

have stopped being market-makers to a selection of interesting smaller companies, simply because they can no longer see their way to making a suitably large profit from working in that particular line of business."

He continues: "Smaller companies are the life blood of the British economy. It is unfortunate that the larger financial institutions are simply walking away from their responsibility, leaving the crucial task of research and dealing to smaller firms such as ourselves."

The 15 companies mentioned by DB&K include Fortnum &

Mason (the up-market London department store); John Swann & Sons (a Scottish livestock auctioneer); British & American Film Holdings (an investment company); and Toye & Co (a maker of badges and other insignia, and uniforms).

I requested all the available reports written by Mark Wheeler, the firm's smaller companies research analyst, and found them very interesting, although I am not seeking to increase my exposure to SEATS companies just now as I already have direct, or personal pension scheme, holdings in three of them. But anyone wishing to receive copies of Wheeler's reports, and details of the firm's broking services, can write to Boyle at Gun House, 1/4 Artillery Passage, London E1 7LJ.

In my view, there should be a rival to the stock exchange specialising in smaller companies. After all, in Canada (with a smaller population than the UK) there is a main stock exchange plus the Vancouver exchange specialising in smaller issues.

In the US, the American Stock Exchange enjoys enormous success trading largely in shares of small to medium

size concerns, while the New York Stock Exchange concentrates mainly on the larger companies. Why should the UK Stock Exchange enjoy a monopoly of trading - especially as the traumas of the coming Taurus system are likely to make a non-Taurus-based stock market even more appealing to the private investor and to smaller companies?

In the absence of such a second exchange, though, SEATS is the next best thing.

I have long believed that more money can be made over the long term by investing in small companies than in giant corporations. As recent events have shown, yet again, it is easier for a small company to increase its profits by, say, 25-50 per cent in a year than it is for a company the size of IBM.

It should always be remembered, however, that not all SEATS companies have shares worth buying; their future prospects may be dismal. And even well-run SEATS companies with good prospects can sometimes find their shares subject to sharp variations in price. So, the private investor has to be particularly careful when spending his money.

BES

still

grows

The Business Expansion Scheme continues to expand in spite of its planned abolition at the year's end.

No schemes with a non-re-

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The easiest way around this is to use one of the larger intermediaries. Biggest in the field are Allenbridge Group and BEST Investment, both based in London.

The three schemes launched this week are ingenious. All invest in residential property. ■ Peppa is a unique investment which combines a personal equity plan with a BES. It involves a listing on the Luxembourg stock exchange.

The underlying investment is split into two. Eighty per cent goes into a Luxembourg-listed BES company which will purchase a portfolio of residential rental properties from Wimpey homes, the house-building group. Wimpey has undertaken to make up any shortfall, compared with the purchase price, after five years. There is no set limit on the profit potential for the BES companies. However, there is no independent bank guarantee.

The BES element attracts tax relief for the investor in the standard way so that a £1,000 investment will cost only £750 for a basic rate taxpayer and £600 for a top rate payer.

The remaining 20 per cent of the portfolio will go into a Peppa managed by Abtrust which will invest in a portfolio of blue chip shares and gilts.

Investors can use their full £9,000 annual Peppa allowance, if they wish, since the plan qualifies for both single company and general Peppa status.

At the end of the five years, the Luxembourg listing will provide investors with a ready-made exit route from the BES; the BES shares can also be transferred into the Peppa.

Minimum investment is £1,000 and maximum is £45,000.

■ Cavendish Gleeson Guaranteed, sponsored by Smith & Williamson, has a buy-back guarantee after five years from the MJ Gleeson Group, which has been underwritten by Lloyds Bank. After five years it will pay £1.15p for every £1 share bought now. There is no early exit option, and total capacity is only £25m.

■ Cavendish Growth, also sponsored by Smith & Williamson, will buy properties from the Household Mortgage Corporation. HMC has covenanted to buy back the properties at the end of the five-year BES qualification period at £1.18 for every £1 share. Total capacity is £15m. Minimum investment in both schemes is £1,000.

John Authors

Fimbra loophole

Barbara Ellis on investor protection fears

even if they have since become appointed representatives of another Fimbra member.

If the former Fimbra member becomes a tied agent of an insurance or unit trust company, the regulator Lautro, the Life assurance and Unit Trust Regulatory Organisation, has no responsibility for dealing with complaints about business conducted under Fimbra.

Investors have no recourse to the Investors Compensation Scheme, which only handles claims against firms declared insolvent officially. The regula-

tory gap appears primarily to have shared investors who bought home income plans from a number of Fimbra members in the late 1980s. The plans were packaged investments combining a mortgage and an equity-linked bond, sold as capable of simultaneously financing the loan and providing an income.

Real life departed from the sales script when house prices fell against a background of rising interest rates. By the time problems became acute and investors complained - often that risk warnings had been inadequate - Fimbra said it was too late.

This message was repeatedly conveyed to about 20 investors who had dealt with Findley Insurance Brokers.

John Kirby, Fimbra complaints manager, wrote to one couple last July: "...investors (in dispute with Findley) do not have a right to refer their dispute to the Fimbra Consumer Arbitration Scheme as an alternative to court action, because Findley ceased to be a member of Fimbra on May 1, 1991.

"The firm's membership of Fimbra ceased prior to the amendment in December 1991 of the Consumer Arbitration Scheme rules which enabled the referral of disputes for up to twelve months post-membership. You will understand that the association is not empowered to retrospectively impose obligations on firms which have ceased to be members in their own right."

Sympathising with the investors' problem, Kirby said they must rely on their "normal legal rights" in order to establish a claim.

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MINDING YOUR OWN BUSINESS

Trimming fat for the food industry

VISITORS TO Verner Wheelock's office come face to face with a large, grumpy-looking gorilla standing from a poster. "Try telling him fruit 'n' veg are for wimples," the legend says.

Since 1980, Wheelock has run a small company which earns most of its income advising big food suppliers how to dish up healthier nourishment. In 1980, he left Bradford university - where he was a lecturer in the department of science and society and head of its food policy research unit - to make his living in the private sector.

In particular, Wheelock is grappling with the government's recently-published targets for cutting the fat content of the sticky bun and pork pie diet of the average Briton. This would lower the UK's chronic incidence of heart disease.

"Unless there is a positive drive on the part of the food industry, I don't think we'll get there," he says. "Food companies have had a fairly rigid viewpoint that dietary recommendations don't really have any impact on them, that it's none of their business, and that it's up to individuals to choose. But their mental block is gradually being eroded."

Wheelock, 54, does not spend all his time worrying about fat. "I see my function as operating somewhere between technology and science on the one hand, and marketing and public relations on the other, with food safety and healthy eating as specialist interests."

"I'm basically in the information business," he says. "I understand nutrition issues but I also understand how the food industry works. That is a difference to most academics, who do not understand the pressures and constraints on industry."

He says his role is to provide "input, some factual information, interpretation and insight." He says food companies often are too insular and too short of staff to monitor legislation and trends.

Verner Wheelock Associates was set up in 1980. It has a

yearly turnover of £140,000, with £100,000 coming from fees. A handful of companies, including McDonald's, the Danish Bacon and Meat Council and Marlow Foods, an ICI subsidiary, pay fixed retainers.

Training seminars on food hygiene bring in £25,000, and conferences on food safety and legislation £10,000. Wheelock publishes a ten-issues-a-year magazine, *Food Policy Update*, which attracts a further £10,000. His three-room premises in Bradford cost just £5,000 a year to rent.

When he set up his business,

Wheelock chose to form a co-partnership with a well-established group, Moy Park, a Northern Ireland food maker.

Nick Garnett on a man who makes his living selling food for thought

Moy Park injected more than half of the £20,000 start-up capital, retains a majority interest in the company, and has two people on Wheelock Associates' board. Wheelock says this relationship has provided invaluable aid in managing day-to-day finances. Moy Park does not interfere with its work, and all reports Wheelock prepares for other companies remain confidential.

He had fancied running his own business for years and took the chance offered by the university's early retirement package to realise the ambition. He concedes that the food scares of the late 1980s - eggs, listeria, a few outbreaks of botulism - were a "bonus" for his business. They pushed the government into introducing the Food Safety Act in 1991; this included many proposals made in the mid-1980s but shelved by ministers. "Food wasn't a political issue then."

A white paper on the health of England (there are separate ones for other parts of the UK) calls for reductions in total fat in the average diet by 12 per

cent, and by 35 per cent for saturated fat. The government wants to cut the death rate from heart disease and related illnesses in people under 60 by 40 per cent by the end of the century.

Wheelock says some companies are responding. He lists Heinz, Nestle and Tesco, the supermarket chain. A recent survey said the basic McDonald's burger had the least fat of 100 burgers tested. "There used to be 4.5 per cent lard in McDonald's buns but now it is 3 per cent vegetable oil."

The wider issue of health and the food industry is Wheelock's most fruitful area. Cases of food poisoning rose through the 1980s from 10,000 to 30,000 and, in spite of the furore of the late '80s, have jumped by another 50 per cent since 1988. But Wheelock views some worries with scepticism. "One in two deaths are due to diseases of the heart and arteries - yet, we worry about listeria and additives. I mean, who has died from additives?"

He believes the thrust of the government's proposals on healthy eating are sound. But he insists that moves towards healthy eating are hindered by the growth of what has been termed Britain's "underclass".

Wheelock says: "It is a big problem for the rest of society. A family's over-riding consideration is often getting enough food to fill bellies. It is often the food part of their budget that is necessarily squeezed. Cheap food that provides bulk is high in fat and sugar."

He is interested in the whole food chain. "There has been a shift in the balance of power away from agriculture and food manufacturing towards retailers and consumers."

Even so, "farmers remain producer rather than consumer orientated. The EC acts as a form of insulation that prevents them from being exposed to the market. In the long run, that will make it worse for them."

■ **Verner Wheelock Associates, Albert Mill, 10 Hey Street, Bradford, West Yorks BD7 1DQ. Tel: 0274-729 090**



Healthier package: Dr Wheelock with products of some of his clients

Tenants over-stay

I LET the ground floor and basement of my house as an art gallery. The last tenants occupied these premises on a five year lease which expired on August 22.

By virtue of a court order, this lease was excluded from the Landlord and Tenants Act 1954, sections 24-28 inclusive. The tenants did not vacate the property at the end of the lease but remained in occupation until October 5, when the keys were handed over.

In fact, their builders were there, carrying out repairs and decorations which were the tenants' liability under the lease terms.

As I entitled to claim rent until October 5, when the premises were handed back, or until the next quarter day, December 24?

■ You can claim a sum for use and occupation for the period from August 23 to October 5.

Tax on interest

I GET a company pension paid monthly into my bank account and taxed under the PAYE regulations. In addition, I receive gross interest payments from government stocks purchased on the National Savings stock register.

In the past, such interest payments were the subject of a separate assessment payable on January 1.

In recent years, though, the estimated interest for the current tax year has been included in my PAYE coding notice so that I am paying tax, via my pension payments, on such estimated interest before I receive it.

Does the Inland Revenue have the right to exercise this method of securing payment of the tax due, or could I insist on the interest payments being the subject of a separate assessment?

■ Many (perhaps most) people seem to prefer to have their untaxed interest taken into account in their PAYE coding in order to spread the tax burden evenly over the year.

So, your tax inspector acted reasonably in assuming you had no objection to his proposal since you apparently did not object when you got the first coding notice advising you of the proposed change a few years ago.

If you have received a coding notice for 1983-94 (which is unlikely), you should write to the inspector giving notice of objection to the proposed code

Q&A

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Seller must pay

A GROUP of relations and friends each applied for shares in a privatised issue using money supplied by only one member. What is the capital gains tax position for members of the group when the shares are sold as a single block and the proceeds retained by the selling member?

■ On the facts outlined, it looks as though the entire CGT liability would fall upon the person who provided the money (with only his or her exempt amount deducted from the total chargeable gain).

Claims by relatives

MY HUSBAND and I are joint tenants of our house and I wish to convert it into a tenancy-in-common ownership. In the event of my husband pre-deceasing me and not leaving a will, would relatives have a claim on his share of the house and in what proportion?

The last two replies were provided by Barry Stillerman of Stoy Hayward.

We have a married daughter. I have brothers and sisters

How I cut my rates

RATES ARE one of the largest overheads for many small businesses, particularly retailers, yet they are often regarded as untouchable. My recent experience suggests that, with a little determination, it is possible to reduce rates.

Business rates are determined by two separate elements, neither of which is controlled by the local authority. The first is the rateable value of the property. This is established by the district valuer, an official of the Inland Revenue who has no connection with the local authority. The rateable value supposedly reflects the rent at which the property could have been let on a normal commercial basis at the valuation date, April 1 1988.

The district valuer will take into account many factors. These include the position of the property in relation to other traders; the shape, since a retail unit with a long frontage is regarded as more desirable, and the current rents paid by the property and by nearby premises.

The rates are then calculated by applying the uniform business rate to the rateable value. This is set annually by the government and is 40.2p in the £1, but the chancellor has proposed a rise to 41.6p from April. At the current rate property with a rateable value of £10,000 would be paying £4,030 in rates.

Rateable values are supposed to be revised every five years but the last revaluation before 1988 was in 1973. Rents in the south of England had outstripped those in the north, while retail rents had risen more quickly than those for industrial properties. When the rateable values for 1988 were published in 1986, retail traders in the south had some unpleasant surprises.

An appeals procedure exists so traders who believe their rateable values have been incorrectly assessed can take their case to an independent tribunal. My experience of this procedure was initially discouraging but ultimately successful.

In July 1992, two years after my original objection, I was notified that a valuation tribunal would take place within the month. I was invited to contact the district valuation officer in an attempt to resolve our differences without recourse to the tribunal.

When the new rateable values were published in 1989, I wrote to the district valuer saying that I considered the values he had established were

excessive because we had recently negotiated a new rent which was considerably lower than the rateable value he had proposed. We received a prompt reply which said:

"On the information recently available to me, I do not consider your proposal to be well founded and I do not intend to alter the rating list."

Some months later, we vacated part of the premises. I wrote again to the valuer explaining this and asked for a reassessment. Again, we received a prompt reply but it contained the same discouraging (and this time extraordinary) statement.

I wrote again explaining that our former storerooms had been occupied by another trader. Was the valuer proposing that we should pay the rates for the new tenant? Or did he intend to collect rates from both of us? Five weeks

passed. I telephoned the office, and was told that the letter was a standard one, generated by a computer, and was sent to all applicants regardless of the merit of a particular case.

The letter did not mean what it said. What it meant was that my perfectly sensible request was being dealt with and that the rateable value would shortly be reduced.

The official said the letter was a standard one and had been drafted by their legal department. He also told me that my original objection to the rateable values would be reviewed further consideration and that I would be hearing from them in due course.

In July 1992, two years after my original objection, I was notified that a valuation tribunal would take place within the month. I was invited to contact the district valuation officer in an attempt to resolve our differences without recourse to the tribunal.

At the same time, I was contacted by a local chartered surveyor. He said he would be putting the cases of a number of

local traders and offered to take my case, arguing that a knowledge of valuation principles and local rental agreements would enable him to present a stronger case than I could. If he failed to secure a cut in the rateable value I would not have to pay him. If he succeeded he would invoice me for the equivalent of six months' rates saved. I asked him to act on my behalf.

He based his case on the actual rent that we were paying, backed up with evidence of rents of surrounding properties, and won a reduction. He secured a further significant reduction on a technical point - the availability of toilet facilities within the building which apparently do not bear rates. The combined effect was to reduce the rateable value (and consequently the rates) by more than 20 per cent.

I have this morning received a cheque for nearly £1,500 from my local authority in compensation for rates I have paid since April 1 1989, including over £100 in interest.

My affairs had been settled "out of court" but I went to the tribunal anyway out of curiosity. The tribunal consisted of three lay people who had received training in valuation principles but had no connection with the local authority or the valuer. They received evidence in an informal way from each side in turn. Of 64 objections lodged with the district valuer only two appeared before the tribunal. All the others were either withdrawn or settled beforehand.

I was left with two strong impressions. The first was that the valuer was well prepared. He argued his case clearly and produced evidence to support his arguments. The chartered surveyor who acted for the appellant was not so well prepared. It emerged that he was not a local man. He came from a practice in London and was unfamiliar with rents and rates in the small town under discussion. Almost all of the cases which had been settled beforehand had been handled by local firms.

The next revaluation is due to take place on April 1 1993 and will take effect in April 1995. If you feel you have a case for a lower valuation, collect evidence now.

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FOOD AND DRINK

MATCHMAKER rather than dealmaker may seem an unlikely epithet for the *Financial Times* but it is perhaps the most suitable after the enormous success of "Lunch for a Fiver."

For the 17-year-old son of one reader, *Lunch for a Fiver* made it possible for him to take his girlfriend to their first lunch in a top restaurant.

Another reader, sadly made redundant the week before the scheme started, minimised his spending by courting prospective employers to a succession of 25 lunches, while finance directors pinned the list of 130 participating restaurants to noticeboards in an effort to control expenses.

At the other end of the age spectrum, one woman wrote to say that, having drawn her pension that morning, she went to London for a lunch which she had thought beyond her budget forever.

It also stretched some readers' ingenuity. When senior Home Office employees tried to book a table for 37 at Simpsons-in-the-Strand they were politely refused. Four of them then phoned separately to book three tables of 10 and one of seven which they confirmed by four different fax machines. Then they turned up en masse. During the fortnight, Simpsons served 2,387 £5 lunches. The

Sorry, we're all out to lunch

Nicholas Lander considers the lessons learned from the FT's Lunch for a Fiver scheme

average spend was £15.50; it extended the promotion for a third week.

Some spin-offs could not have been foreseen. Alastair Little and Antony Worrall-Thompson, chef used to media attention, did not believe the response: Little saw queues forming at 11.45am; Worrall-Thompson describing the effect on his business as "mega".

Within the *FT* there was unprecedent interest in the food and drink page. The newspaper's foreign correspondents sent a stream of messages detailing what they could obtain for the equivalent of £5 in their cities. In New York it was a big pastrami-on-rye sandwich from the Carnegie Deli; in Brussels, a bowl of sweetcorn soup and a sandwich; in Bonn, dry bread, water, bangers and sauerkraut.

Not was I prepared for the number of enthusiastic calls, letters and faxes from readers. Examples: Mr and Mrs Turner in Dunstable, Somerset, who are now converted back to eating-out at lunchtimes; after a meal at the King's Head, Ilvinghoe;

Mrs Dalton of Hartfield, Sussex, whose £5 meal at Pierre Victoire, Edinburgh, satisfied the appetite of her 6ft 5in student son; and Suzanne L'Estrange, of Wandsworth, London, who booked nine lunches — the last at Mijanou, in Ebury Street, London, which she described as blissful — and sent a detailed review of her gastronomic

success. The most vociferous and indignant were levied at the managements of Sheekes and Drones for the £1.75 cover charge they imposed on top of the £5 menu. Those restaurants which offered a no-choice menu and segregated those on the £5 menu from other diners generated less goodwill than their more expensive rivals.

But those restaurateurs who entered into the spirit of the scheme, offering wide choices and generous portions, have won many new customers. This attitude was most neatly summed up by Denis Blais, co-owner of Belgo in north London, which discounted its £8.50

lunch to £5 and included a glass of Belgian beer. Blais said: "For new customers it is a great introduction. For our regulars, it is a reward."

But things were not one-sided. Most restaurateurs and chefs asked if I would like to see a £10 bill from a table of two customers who had eaten the £5 menu, ordered tap water — and left. Some customers asked if bread and hors d'oeuvres were included in the price. And, sadly, even at £5 a head, there were

the occasional customers who failed to turn up.

Risks are inherent in any promotion, but the success of *Lunch for a Fiver* has justified the *FT's* decision not to lay down too many rules.

If you were at all disappointed in your £5 lunch, you still had the right to complain to the restaurateur; but please remember that the 130 restaurants that took part were those prepared to make a financial sacrifice and take a culinary risk to join a scheme that had never been put to the test in the UK. Many declined.

For those that took part, *Lunch for a Fiver* proved a salutary marketing lesson. As Lou Segal, proprietor of Frederick's and a restaurateur for 23 years, put it: "When I was working in the menswear clothing business, we had the answer to January and February — we would hold a sale. It has taken the *FT* to show us that this is what we have to do in the restaurant trade."

At Newtons, in south London, a busy lunchtime used to be 30 covers. Its owner, Tsu Newton, said she did not believe there was a market for lunch in her neighbourhood. However, during the scheme's two weeks she served more than 80 customers a day and last month her turnover was 30 per cent up on January last year.

Rebecca Mascalheras, of Sonny's in London SW13, saw her lunchtime trade increase from an average of 30 to 102 covers on the last Friday of the scheme. Extra costs were involved and she had to top up her waiting staff's lunchtime rate but, in the end, *Lunch for a Fiver* proved financially rewarding.

John Zarnitz, an *FT* reader who managed to eat *Lunch for a Fiver* every day of the fortnight, says he was surprised that restaurateurs did not capitalise on this goodwill. None of the restaurants he visited offered wine specials, plumped the *FT* menu to their à la carte menu or offered a business card on the way out to entice him back.

What *Lunch for a Fiver* did was create an atmosphere in the participating restaurants: a buzz normally associated with the busiest restaurants, of which there are usually only a handful.

For Patrick Gwynne-Jones, Brian Turner, Stephen and Judy Markwick, restaurateurs of long standing, the fortnight invoked memories of "the good old days"; for waiting staff who had to disappoint callers with the line: "I am sorry we are booked until February," there was a sense of excitement.

For customers that buzz is necessary. Quiet restaurants are just not exciting. One restaurateur rang me at 5pm last Friday afternoon, to tell me: "Lunch for a Fiver" has certainly worked with one table of 10. Six of them are still here and their bill is £410."

To those readers who were not able to enjoy *Lunch for a Fiver* because there was not a participating restaurant nearby, we apologise. For readers in the Exeter area, in south-west England, the St Olaves Court Hotel (tel: 0392-217736) has listed nine restaurants and hotels offering a £5 lunch during February.

No sooner had *Lunch for a Fiver* been launched than Patrick Valette was on the fax from his home in the south of France pointing out that there were no restaurants on the list convenient for him. Next year's *Lunch* hopes to rectify that. It will be bigger, better and, almost certainly, international.

Champagne/Edmund Penning-Rowson

A bubbly time at last

WHEN we are all belt-tightening, and Lent is just around the corner, February may seem an odd month to recommend champagne. But it is a good time to buy and drink it — and not just the cheap brands promoted by supermarkets.

Overall it is likely to be superior in quality compared with a few years ago. Moreover, sterling devaluation and likely Budget duty rises may increase retail prices of new imports by up to 20 per cent.

Quality should be better for two reasons. The sharp fall in sales since 1989 has resulted in an accumulation of merchants' stocks.

Many firms have five years' stock in their cellars. One leading merchant described his Epernay cellars as almost full to the roof. All but the immature champagnes, dumped on

the market mostly by cash-hungry growers who market their own brands, will have the benefit of increased bottle-age as an important factor for champagne.

Secondly, non-vintage blends, which account for 85 per cent of production, will include wines from the particularly fine and prolific 1989 and 1990 vintages.

The high quality of these years and a still optimistic market partly led to excessive rises in official prices.

However, at the last vintage, the price of grapes per kilo fell sharply to FF224 plus a premium of FF250 for the top villages and FF190 for the middle-tiered communes.

With 1.3 kilos of grapes needed per bottle and a basic production cost without overheads, depreciation or interest charges of FF15, this means a minimum of FF45 per

bottle for the top level and FF39 at the bottom.

However, the French supermarkets have been selling champagne at FF45 to FF60 a bottle and one big one, LeClerc, at less than FF90 — in all cases including 18.6 per cent VAT. So they have presumably been selling at a heavy loss.

This has rebounded on the big co-ops which market their own brands and the 4500 growers who do the same. They have been undercut in a slice of the French domestic market that accounted for nearly half French domestic sales. It is mostly these too-young brands from low-level sources that have attracted criticism for their lack of quality.

However, in the 1992 vintage, significant improvements were made. Apprehensive growers sold more grapes to the merchants than for 20 years. The third pressing (the *deuxième taille*) was eliminated. For each 100 litres of pressed juice 160 kilos of grapes were required, instead of 150, thus raising quality.

The maximum yield per ha was reduced to 10,000 kilos, but this year everything above 9,000 kilos was put into a blocked reserve of still wine, denied second fermentation — or payment — until its probable release in two years' time.

This year the minimum bottle-age allowed before sale is expected to be increased from 12 to 15 months, with 18 on the horizon. This will certainly improve quality, but not affect the Grandes Marques which sell their N.V. when 2½ to three years old.

Future developments in prices will depend on the state of the market and the size and quality of the next vintage, likely to be large in designated vineyard areas; unless, hit by natural disasters.

Top prices may drop again to FF20 per kilo, and growers may demand a return to modified inter-professional contracts, guaranteeing their sale. But the merchants are nearly all firmly against this.

However, Champagne is the best organised wine region in

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COLLECTING

Old Masters fail to make an impression

THE RUMOUR last year in the New York art market – funnelled assiduously by auction houses and dealers alike – was that Old Masters, traditionally a subdued market in the United States, were about to come into their own. Both Sotheby's and Christie's had successful sales which featured a range of quality paintings – well above the New York auction average – and shoals of Italian dealers, outbidding their London and New York rivals, jostled with each other to snap up bargains.

At The Art Show (showcase of the Art Dealers' Association of America) this time last year, Colnaghi, Rosenberg and Siebel, Otto Naumann and other dealers exhibited some very serious pictures, while the International Antique Dealers' Show in October rechristened itself the International Fine Art and Antique Dealers' Show. This was intended to stress that there was to be a stronger emphasis on paintings: the fabulous Bellotto exhibited at the show by Bruno Meissner was evidence that the new title was justified fully.

A certain optimism prevailed, therefore, when it came to last month's Old Master sales in New York. Alas, results proved disappointing. At Christie's, 40 per cent of the 176 lots on offer were bought in; and at Sotheby's, where quantity (almost 300 lots) was the order of the day, 36 per cent of the paintings remained on the block.

The high point at Sotheby's was a late-15th century portrait of the Flemish composer Jacob Obrecht. This was catalogued as "School of Bruges" (although the catalogue pointed out it could be by Memling) and its pre-sale estimate was \$400,000-600,000. There was some surprise when the hammer came down at \$24m. The purchaser turned out to be the wealthy Kimbell museum in Fort Worth, Texas – an institution which

appears more regularly in the New York salerooms as vendor than purchaser.

In the same Sotheby's sale, a Dutch 17th century still life by Jan Davidsz de Heem went well above its estimate of \$350,000-450,000 to reach \$1.5m; and an early-16th century Netherlandish crucifixion (by Jacob van Amsterdam) went for \$507,000 (estimated \$250,000-350,000). These results, however, represented the good news. The bad was that published pictures by Isenbrant, Breughel, van Goyen, Flinck, Gentileschi, Guardi, Vermeer and others – all with high estimates – failed to sell.

Optimism gives way to disappointment at New York sales – and buyers must now face the deterrent effect of a new 15 per cent premium, reports Homan Potterton

Apart from the usual sprinkling of American museums, the principal vendor at Christie's Old Master sale was a Neapolitan medical doctor, Carlo Corvo, who lives in Philadelphia. His collection of about 60 Italian baroque pictures seemed to have been assembled fairly recently, and most were bought on the open market in New York and in London. Although the catalogue covered the collection in a cloak of scholarship, this turned out to be a shroud and quantities of the pictures were bought in. Those that did sell just scraped above the low end of the pre-sale estimate. As there was hardly a really good picture among the group, their reaction by the market was heartening.

Sales of Old Master drawings this week – traditionally a much stronger market in New York – fared much better. Although neither auction house managed to sell more than 75 per

cent of the total lots on offer, the items left on the block were, with one or two exceptions, very minor.

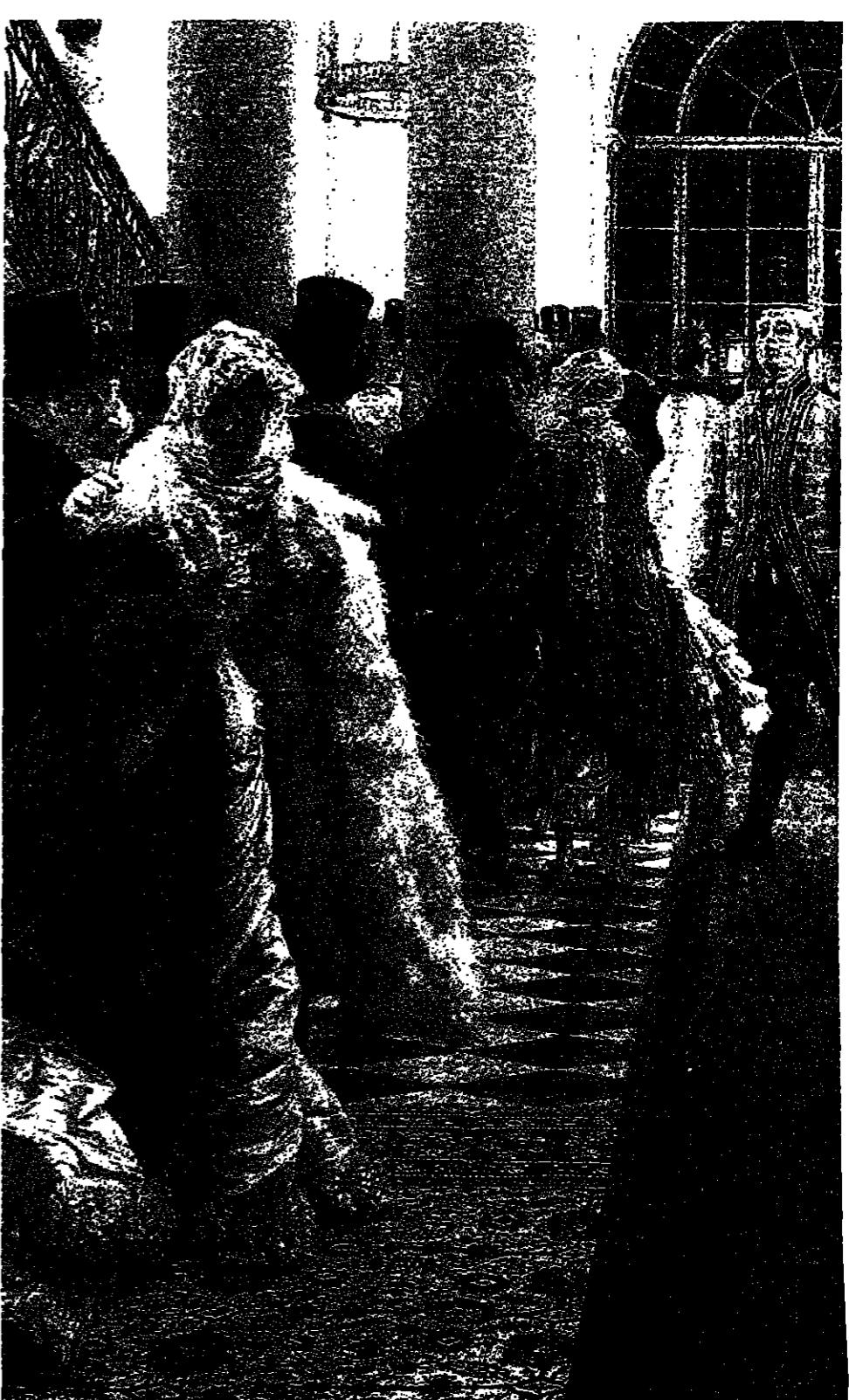
Among the top prices for the day at Sotheby's were three separate sheets by Gericault (which descended from the artist's heirs), while a finished Guardi rendering of the Grand Canal also did well (\$77,000). Christie's had success with Fragonard when a wash and chalk view of a garden with figures went for \$43,500 (estimate \$150,000-200,000). Other French drawings in this sale, notably by Greuze, also brought strong prices, with American private collectors active in the bidding.

Tissot; but an indication of the present state of affairs is that all of the works by these artists included in the sale (three by Bouguereau, two by Tissot) were bought by their vendors in the past decade. Only one, a saucy Tissot of a woman singing in church, went through the saleroom (rather than the trade) when it fetched \$165,000 in 1987; it is now estimated at \$300,000-500,000.

Gerome, whose record is above \$2m, is nowhere to be found in Christie's sale but a painting by his contemporary, Cabanel, of Cleopatra practicing poison is the next best thing. It is estimated at \$500,000-700,000. Meanwhile, Sotheby's is auctioning four major works by Tissot from the well-known Toronto collection of Joey and Toby Tanenbaum. All were bought in the 1970s and each carries an estimate of about \$1.5m.

The effect of the new 15 per cent buyer's premium at both Sotheby's and Christie's might not yet have registered with collectors who, latterly, have favoured auctions above dealers when it comes to buying. But it is very unlikely to go unnoticed and is almost certain to act as a deterrent fairly soon. From this point of view, the fifth annual Art Show (February 25-March 1) in New York – more than 60 dealers showing paintings, drawings, prints, sculpture and photography – will be monitored closely.

While the variety of works on offer always appears bewilderingly wide-ranging – this year, a 16th century Italian Madonna and Child at Richard Feigen; Matisse and Warhol elsewhere; and video installations at Carl Solway's booth – the show has an excitement of its own. Joining the fray this time round will be Agnew's with a display of (what else?) Old Masters. There could be no further confirmation that all has changed with the New York art market.



Detail from Tissot's "Woman of Fashion," from the Tanenbaum collection, to be sold at Sotheby's New York

Sick patient stirs into life

THE BRITISH art market is showing the first tentative signs of recovery. The two specialists fairs of late January – Art 93, the leading, if not the only, national showcase for contemporary art; and the World of Watercolours – both provided some encouragement.

Art 93 had its highest attendance ever, with more than 21,000 people trekking up to Islington, north London, and those dealers that exhibited works that were priced reasonably – £5,000 seemed to be the buying barrier – did well.

Anthony Hepworth of Bath made 45 sales, including works by Roger Hilton and Keith Vaughan, and brought in more than £40,000. Another Bath gallery, Cleveland Bridge, sold "Still Life - Fish" by Mark Gerster for around £20,000.

The highest price paid was the £26,500 at the Anneley Juda stand in the opening minutes for an Anthony Caro sculpture.

Nicola Hicks, John Bellany, Ken Howard, Peter Howson, Harry Holland – these were the artists in favour, familiar British names working in figurative or colourfully abstract styles.

The joke sculptures of David Mach also found buyers, including two works (from the limited edition of 11) of his scaled-down version of even larger-than-life sumo wrestlers lifting a container; these sold for £5,500 each.

Helped by the overflow from the Royal Academy's major exhibition of English watercolours, the World of Watercolours attracted 10,000 visitors, a slight increase on 1992, and 850 works were sold, a rise of £5,500 each.

The statistics seem to confirm that the worst is over. Art consultants Poensgen Sokolow suggest that international auction turnover in paintings, drawings and watercolours fell by 20 per cent last year, to £50m.

This compares well with the 65 per cent decline in turnover between 1989 and 1991. They expect the market will bottom out this year.

Those dealers that got out and started marketing themselves, either by attending more fairs or opening their shops at flexible times, are reaping the benefit.

Spink has taken advantage of the undoubted revival in the American economy, and American art buying, and returned from the winter antiques show in New York this week with six sales in the \$30,000-50,000 range.

Leslie Waddington has planned a hectic schedule of international fairs this year,

and did \$2m worth of business in Miami last month.

Like other top contemporary dealers, who sell mainly to non-British clients, the devaluation of sterling has provided a great boost. After the successful Cork Street weekend in November, most of the dealers in this high street of the art world are planning to stay open on Saturday afternoons.

The main auction houses, Sotheby's and Christie's, are locked in a mid-winter hibernation which seems to get longer

and Mary oak bookcases sold for \$35,000 (£258,000) compared with \$30,000 top estimate, while a set of 12 George II mahogany dining chairs, estimated at up to \$10,000, were bought by a New York dealer for \$4,200 (£31,000).

But there are still traps to be avoided if 1993 is to stabilise the market and achieve modest growth. The financial losses at Lloyds have dealt a major blow to many dealers who could bank on some of the Names converting their bonuses into pictures or furniture.

Agnew's hopes that the quality of the work on offer at its 120th watercolour exhibition (which opens on March 8) will make good any absence of regular Names. It includes nine works by Samuel Palmer, the largest group to arrive on the market in 25 years, as well as good watercolours by Turner, Gainsborough and Lear.

The loss of the Names is a minor matter compared with the dangers from European Community legislation.

So far, the British government has warded off the imposition of 5 per cent VAT on works of art coming from non-EC sources into the UK (these account for £700m, or 50 per cent of all art imports, each year); but there is another meeting on the matter in the middle of this month, and this threat to the UK's status as the great unfettered market for buying and selling art is still very potent.

In addition, the government has made no progress in changing the ludicrous situation in which contemporary artists in the UK must pay 17.5 per cent VAT on their works while artists in France pay 5 per cent. Unless this anomaly is corrected, dealers like Leslie Waddington will be tempted to move to Paris.

The market is still weak and convalescent. The auction houses are advising sellers to keep reserves low and dealers will usually offer good discounts to make a sale. But sentiment is improving.

This month, the Original Print Fair, at the Royal Academy from February 25, should confirm that a connoisseur market can ride out the recession. Then, in March, the big and glitzy gathering in Holland should confirm the improvement in the international art world – or cast everyone back into misery.

The statistics seem to confirm that the worst is over in the UK art market, says Antony Thorncroft

every year. Sellers have become street-wise and want to commit their works to the major auctions in the big selling months, which means that the really good stuff does not come under the hammer until late March.

Christie's is, however, encouraged by the fact that sales of lots at its South Kensington offshoot, which concentrates on collectables, are running at 90 per cent so far this year, a rise of 5 per cent from 1992, while Sotheby's two 1993 sales – the contents of Robert Maxwell's Headington home, and of marine pictures – both exceeded estimate.

It would have been surprising if the sale of the late tycoon's belongings, and one devoted to a popular collecting market, had failed – but at least they suggested that the increased charge to buyers (another 5 per cent on the hammer price, to 15 per cent) was not going to cause a boycott by bidders.

The revival of American buying could have a quick impact on the UK trade. Americans account for almost half the sales of the top London dealers, and the prices paid at Christie's in New York last weekend for English furniture must have brought a smile to the face of many a dealer in the Fulham Road or the Cotswoods.

For instance, a pair of Wil-

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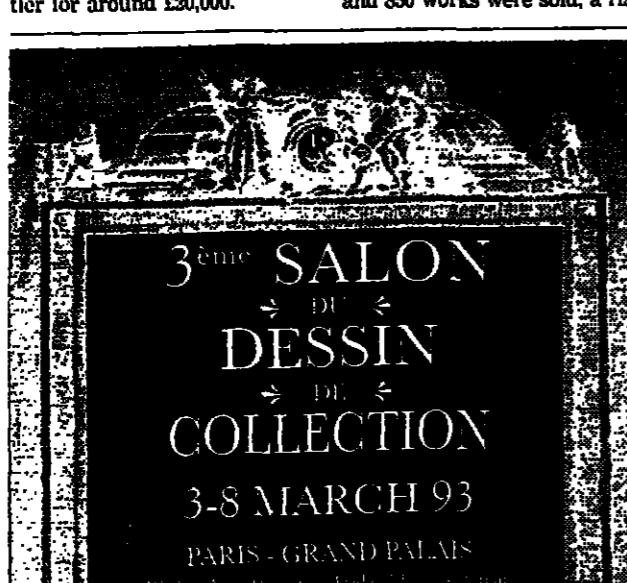
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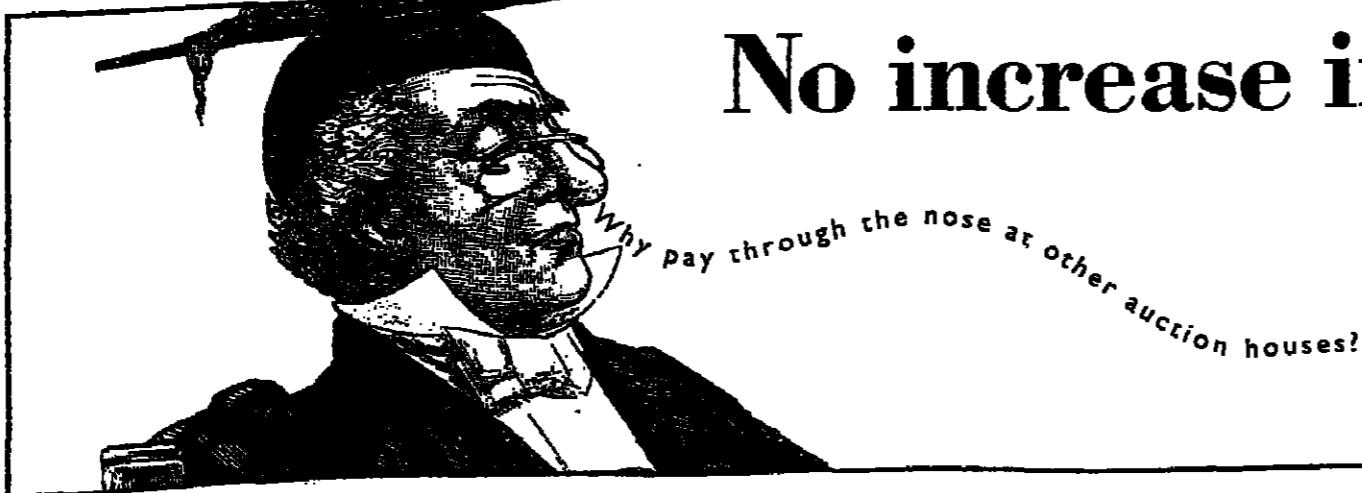
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PERSPECTIVES

As they say in Europe

Why we are what we eat

"THE QUESTION you were trying to deal with is one of taxonomy," said a colleague the other day. Now, I had thought that taxonomy was a cross between fiscal policy and getting stuffed. An *FT* editorial might say: "The beleaguered chancellor of the exchequer faces numerous problems of taxonomy." However, readers will know that it is mainly, but not exclusively, the biological science of classification, of getting the categories right.

The comment that led to my discovery was the result of my casual musings of a month ago on the destruction of English traditions. I took as an example the plastic pub with bars named after television series where "villagers" (mostly from London) eat Indian food assembled in Huddersfield and reheated by synthetic methods. (The taxonomic aspect is to be seen in the overlapping of once entirely separate categories.)

I now find that in Germany the same process is at work: traces of authenticity are being systematically uprooted in

James Morgan
reports on a
vexing question
of taxonomy

what the headline in *Die Zeit* called "Multiculti-Küche." Multicultural cuisine has arrived. Ulrich Stock recounted the pleasures of a Hamburg Greek restaurant staffed entirely by Tamis: an Indian cook at an Italian restaurant gave his specialities a curry flavour.

The best tale was of an "Italian" where pasta was certainly advertised, but the owner, speaking no European language, gesticulated his disapproval. He pointed instead to a dish on an Arabic menu which the customer then consumed in total ignorance of what it was, because the waiter was unable to communicate the relevant information. Stock thought he might in future go to a typical German restaurant to sit between Scandinavians and Americans and eat tinned cabbage.

The division between northern and southern Europe is based on consumer categories, mainly food. In Latin countries you can scour the typical country town and find the occasional McDonald's and Pizza Hut but no tandoori restaurant or Chinese takeaway. When the French go out to eat they eat French food, the Italians eat Italian and the Spanish, Spanish.

Not only that, regional specialities still hold sway, however foul. I once sweated on the banks of the Dordogne as the mercury touched 40°C and watched a heavily-clad work-

"Britain's lottery is going to be huge. The biggest in the world," predicts Peter Gillooly from his office in Melbourne.

GILLOOLY heads Tattersalls, the world's biggest private operator of public lotteries. "Tatts," as every Australian knows it, has already had an advance team in the UK sniffing out the possibilities of an operator's licence. The second reading of the parliamentary bill setting up the lottery has only increased his interest.

The only other thing you can be certain of is that every schemer in the world will have plans to crack it. They'll be selling software, syndicated investment plans - everything you can think of."

In an adjacent suburb, barely 10 minutes distant on one of Melbourne's charming trams, Stefan Mandel sits in an equally palatial office. Among other business activities he describes himself as a lottery "investor". A year ago his team won the US\$27m (£17.8m) jackpot in the Virginia State Lottery after spending about US\$5m on tickets. This is not hearsay. America's taxman took Mandel to court (unsuccessfully), hoping to garner 30 per cent of the prize.

"I don't predict at present that we will be investing in the British lottery," says Mandel, somewhat airily. The prizes will not be big enough to justify the risk. However, he does admit that his team has been invited to do a little "consulting" on the forthcoming British operation for parties he is unwilling to name.

On the Australian lottery scene, Gillooly and Mandel have become Punch & Judy, each man a nemesis to the other. Stefan Mandel and his team are now precluded by state law from placing "block" and "syndicate" entries anywhere in Victoria. Tattersalls needed legislation to protect itself from this self-styled numbers genius who fled his native Romania in 1964 on the proceeds (then equivalent to 100 months' average salary) of a national lottery.

Throughout the 1980s Mandel staged betting coups against the various state lotteries in Australia. So far he has documentary proof that his teams have won or shared in 14 first prizes. There is no attempt to manipulate the results simply to wait for a situation where an accumulating jackpot has reached the size where it will repay the formidable logistical effort of buying tickets to cover every possible combination of numbers.

Although these winnings look like a just reward for formidable hard work, authorities the world over make Mandel and his legions unwelcome. "We believe the game is for the man in the street. What you're really selling is hope. These syndicates destroy the game, eat into the pleasure of winning you can win," says Gillooly. His private remarks on the subject of Mandel are unprintable.

"It's an unwritten law of lotteries that you've got to protect the innocent. Since Adam was a boy these people have come out into the market place with their get-rich-quick schemes. We've made a heap of material available to the authorities in London and they have a real chance to avoid some of the events that can destroy the credibility of a national lottery.

Mandel is still unwilling to explain the exact details of how his syndicate pulled off the Virginia win - since he hopes to repeat it elsewhere in the world - but the broad picture is known. Two coordinators worked with a team of 35 couriers from three rented offices in Norfolk, Virginia. A firm of accountants was hired to oversee the process.

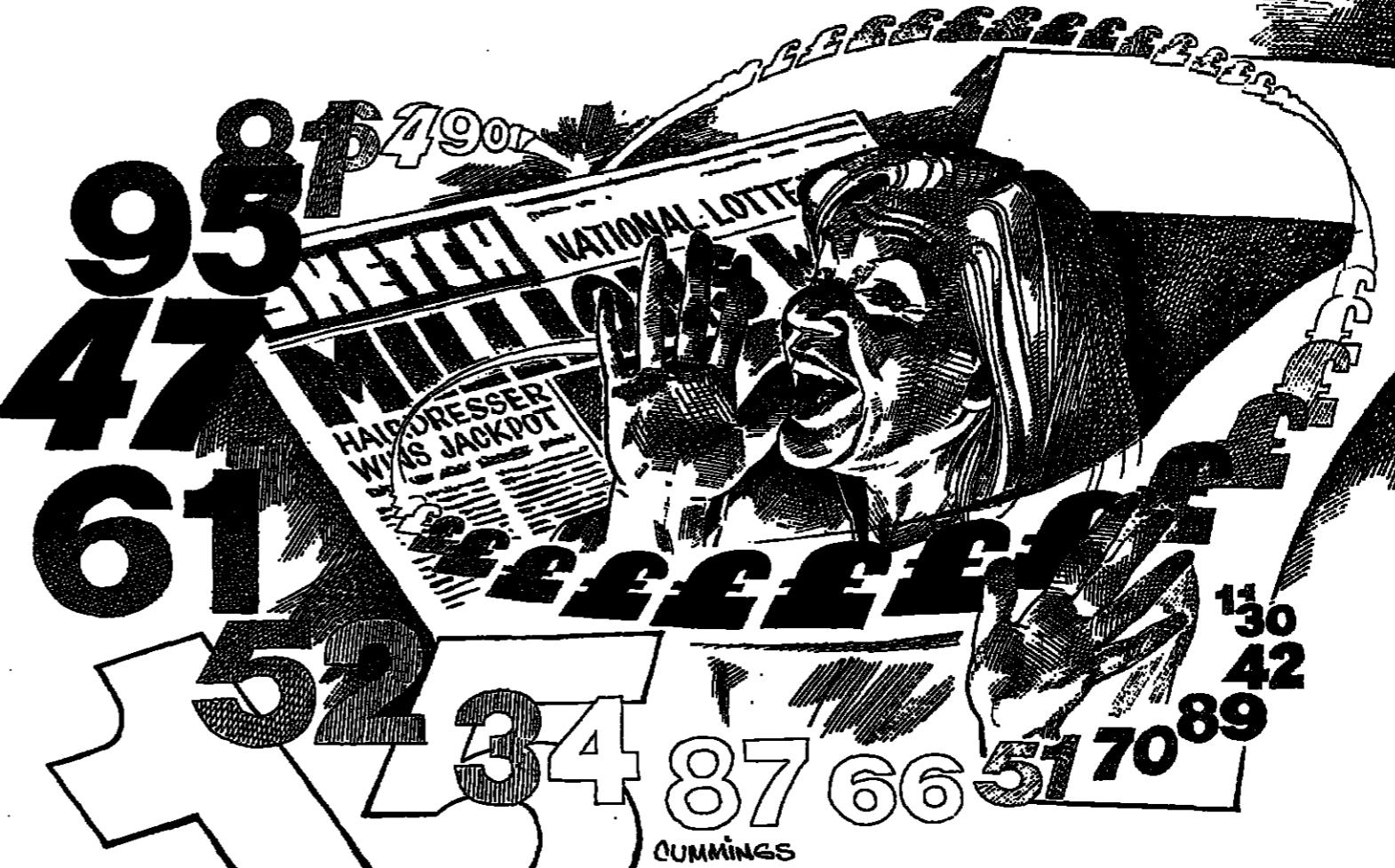
Armed with scores of certified cheques for US\$10,000 the couriers tried to buy - in the three days before the lottery closed - up to 1.4m tickets from over 60 shops so that all 7,059,052 winning combinations were covered. Lottery organisers said that Mandel's team managed 5m combinations.

Like most big-money lotteries in the organised world, in Virginia punters choose combinations of six two-digit numbers. Tattersalls operates Lotto this way, and the British scheme is likely to be similar.

So, unlike the raffle at the church fete, there may be not

one single winning ticket but several or many.

This led Mandel to deny his



A head-on clash of the lucky number-crunchers

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This led Mandel to deny his

involvement in the days immediately after the big win. "I had to keep quiet," said Mandel, who was subsequently investigated by both the FBI and the American Secret Service as well as the revenue service. "People's lives depended on secrecy. We had winning tickets worth \$2m to the bearer and we were very concerned

passing to the state government last year in taxes and share of profit.

Each week about 52 per cent of the population buy a ticket.

Gillooly usually buys one on his way home. "It's primarily a blue-collar audience but widening all the time. Making it easy to buy tickets is the key."

In Australia, Lotto tickets are bought at special electronic terminals installed at newsagents and corner shops - exactly the kind of 8-till-late stores becoming so common in Britain. Terminals are linked to the central Tattersalls computer by a dedicated line.

It gives the company a secure data network stretching huge distances, the equivalent of

Glasgow to Palermo.

Electronic security is going to be crucial in a European environment full of bright technocrats, believes Gillooly

- at least as important as bartering syndicate buyers such as Mandel.

"A few years ago we became worried about this aspect," he recalls. "We gave some money and equipment to graduate computer students at the University of Melbourne and asked them to crack our system. They hacked into damn near

everything else, including the foreign exchange dealings of one of the major banks, and caused trouble that's still crashing around - but they

didn't get into Lotto. The key

is to allow no modem access to the main computer and no packet switching, or line sharing."

Asked how he thought Britain's football pools promoters, already twitchy about the coming UK lottery, would fare, Gillooly was downbeat. "We've had Vernons running pools against us here for the past 20 years; in fact they've just given up and handed in their licences."

Football pools are a traditional product that will always have a market in a society like Britain, he reckoned. But in terms of ease of play, accessibility and understandability, he

claimed that the Liverpool pools giants were still "in the quill pen era", their cries of mass unemployment if the pools were to suffer competition spurious.

"You'll be amazed when you

see how much employment the start of Lotto in Britain creates," said Gillooly. "The terminals have to be built, installed, serviced and I'd expect to see a network of thousands. The printing alone each week is a huge item."

That Britain's lottery is going to be large beyond belief must be the first item that Mandel and Gillooly have agreed on in a decade.

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Gardening/Robin Lane Fox
Not so scary seeds

WHAT ARE so many gardeners still scared of sowing seeds? I know they are scared because when I am showing a visitor a plant, they put up their defences as soon as they are told that it grows like a weed from seed. "I like your *Erodium cicutarium*," means "Can I have a chunk of it to put in the car boot?" And "Have a seed pod?" means "I dare you."

These fears are absurd because many seeds germinate with childlike ease. People are scared, wrongly, by the more difficult varieties. And anyone who is gardening abroad ought to bless the explosion of varieties in some of the best seed lists; there is much less of an excuse nowadays for people who complain that they are denied a wide range of plants grown in Britain because they are not available here. My favourites range from bulbs to border plants through annuals and spreading things for pots. From Scotland to the east Mediterranean, the next fortnight is the moment to place an order among the unknown.

Each year, my mind's eye fastens on one particular image in the darkness of January. This year, once again, it starts with a haze of white common daisies. It is no use saying they are too much of a bother, for they are absurdly easy to raise. I am not fond of the usual purple forms - in my garden, cosmos is white only. Seedsmen now offer two varieties: the older *Purity* and the newer *Sonata*. *Purity* is taller, larger-flowered, much more impressive - and cheaper.

White cosmos does not need to be sown until late March but immediate sowing is needed for two of my other fruit-runners. If you start seeds of the electric-blue *salvia* patens under heat within the next fortnight, the plants will grow to be planted individually, planted out late in May, and trusted for their stems of brilliant blue flowers when the rest of the garden starts to look exhausted. Plants of this half-hardy perennial will turn up at £2 each on plant stalls early in summer - one reason why a packet or two of seed from Thompson and Morgan of London Road, Ipswich, are one of the year's better gambles.

The other star turns require you to transfer to the rising star among British seed catalogues, the list from Chiltern Seeds, Bortree Stile, Ulverston, Cumbria LA12. The service includes shopping by credit card, a 24-hour answering service, and a fax on 0229 54545; this amazing list is within anyone's easy reach world-wide.

Expat who are losing their home roots will be astonished at how much more is available now. All of us might like to try a new hybrid from Japan, *lilium formosanum* *Snow Trumpet*. Usually, this white lily would flower in a scramble if sown early during its first year, but *Snow Trumpet* is much quicker, more vigorous and need not be sown until February. It is pretty reliable and produces big, white, trumpet-shaped flowers from August onwards. Seed is £1.20 a packet, but it germinates easily in heat indoors (and I need hardly remind you what an individual bulb would cost).

GARDENING

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PROPERTY

Where white is wrong

Audrey Powell looks at Mediterranean developments that blend into the environment

THE PICTURE of the Mediterranean leisure estate is changing. Fewer stark-white colonies of second homes are appearing on coastlines and a look at the latest developments on two Mediterranean islands, the French Corsica and the Spanish Majorca, is instructive.

On Corsica, you find timber homes merging into the *maquis* - the scrubbed, grey-green undergrowth that covers much of the island - but designs are sophisticated and the wood well-crafted. On Majorca, deep shades of ochre take the place of the dazzling white walls now out of favour environmentally.

Unusual shapes take over from the "boxes" of the past. And standard designs are altering, with larger properties being included to accommodate European families whose different generations like to holiday together. Another change is that the British no longer predominate as buyers - often, it is the Germans.

The Domaine de Sperone is a rare new development on Corsica. It is a 350-acre private estate on the southern tip of the island where all properties are clad in Canadian red cedar and stone to blend with the rugged moorland. There is an 18-hole Robert Trent Jones golf course (to which a further nine holes may be added) and a sizeable clubhouse with restaurant and bar.

Work is concentrating on Le Hameau de Plamarella, the village that will be the centre of the estate. It will have 80 apartments and 11 villas. The apartments, in low blocks, range from studios to five-room duplexes and are priced between £150,000 and £400,000. About half will be ready for occupation this spring and will have communal swimming pools.

The villas, from £320,000 to £650,000, will have up to five rooms, linked gardens and private pools. Interiors are light and spacious, with high ceilings of exposed timber. Floors may be of wood or tiles (but not the chilling marble of many Mediterranean holiday homes).

With ownership comes a share in the Golf de Sperone company and membership of the club. And from the hilltop site of the village, there are views down to the beach and sea and across to neighbouring islands; Sardinia, eight miles distant, is visible on clear days. When the village is finished, there may be a few large individual houses available above a lake. The properties will offer possibilities for renting, too. Jacques Dewez - who heads the Paris-based developer, the Societe Anonyme du Domaine de Sperone - says: "We have a strong demand for this."



Majorca: a nine-bedroomed villa with swimming pool overlooking the sea at Puerto d'Andraitx. It is on the market for £2m with Hamptons

Below the village, a 105-bedroom, four-star hotel with a sea-water therapy centre is being built. Tennis and windsurfing are available and there is unlimited walking in the *maquis*, while an hour's drive takes keen walkers into the mountains. For the less adventurous, the little tourist port of Bonifacio, with its cliff-top walled town, is only 10 minutes away.

While the estate is geared to all-round sportsmen, sailing will be the attraction for many residents. Bonifacio harbour has 300 deep-water moorings and there will be facilities for small boats at Speone.

Those with homes at Sperone already include two French government ministers, an assortment of French bankers, company chairmen and people in advertising, a number of Italians, and a few British. Their properties range from broad-leaved, shingle-roofed, low-colonial styles with wide terraces to tall, rectangular buildings that seem to owe more to commercial than residential design. With land, pools and other amenities, they will have cost their owners between £500,000 and £1.5m.

Dewez, who has a Russian wife and a son who breeds horses in Wales, is a former pilot who created an interna-

tional charter company. When this was bought out by Air France, he moved into property development.

In the south-west corner of Majorca, meanwhile, a partly pine-clad 3,000-acre estate, Santa Ponsa Nova, is being developed for leisure with a strong emphasis on integrating architecture with landscape. It is being promoted by IMISA, a subsidiary of Banco de Crédito de Baleares.

There are two 18-hole golf courses, with others planned; three marinas, with another to be built; a 21-court international tennis centre; a riding centre, and hotels. Work begins shortly on a beach club and flats.

Two housing developments at Santa Ponsa Nova are offering property on the British market. They make strong claims for harmony with the environment, although they approach this in contrasting ways. One is Los Pampinos (young vines branches), 15 minutes from Palma, Majorca's principal town.

The first phase will comprise 57 apartments in 10 blocks and the first should be completed by May. It has two-bedroom, two-bathroom apartments from £153,000 with larger types from £213,000. Interiors are equipped expensively. The properties have broad,

room-like terraces, sometimes L-shaped, looking across to the sea and some have roof-top pools. All come with a family golf share.

While interiors follow today's up-market pattern, Spanish architect Melvin Villarroel has allowed his interest in garden architecture a free hand with the outer scene. All buildings are to be the same terracotta colour; he believes surrounding greenery will give sufficient variation. And his pitched roofs are of different heights.

Efforts are made with plastering to avoid sharp angles and even soften the straight lines of outer walls, while balconies and terraces are of differing shapes; some walls look as though buttressed. The blocks will be set around swimming pool areas, with fountains and pathways, and hundreds of palms are being brought in to create a sub-tropical setting.

There will also be a few four-bedroom villas, from £458,000. In total, there may be 180 properties on the 25-acre site but the developer is playing it by ear and will keep step with demand. So far, most purchasers have been German, followed by the Swedish, Spanish and British.

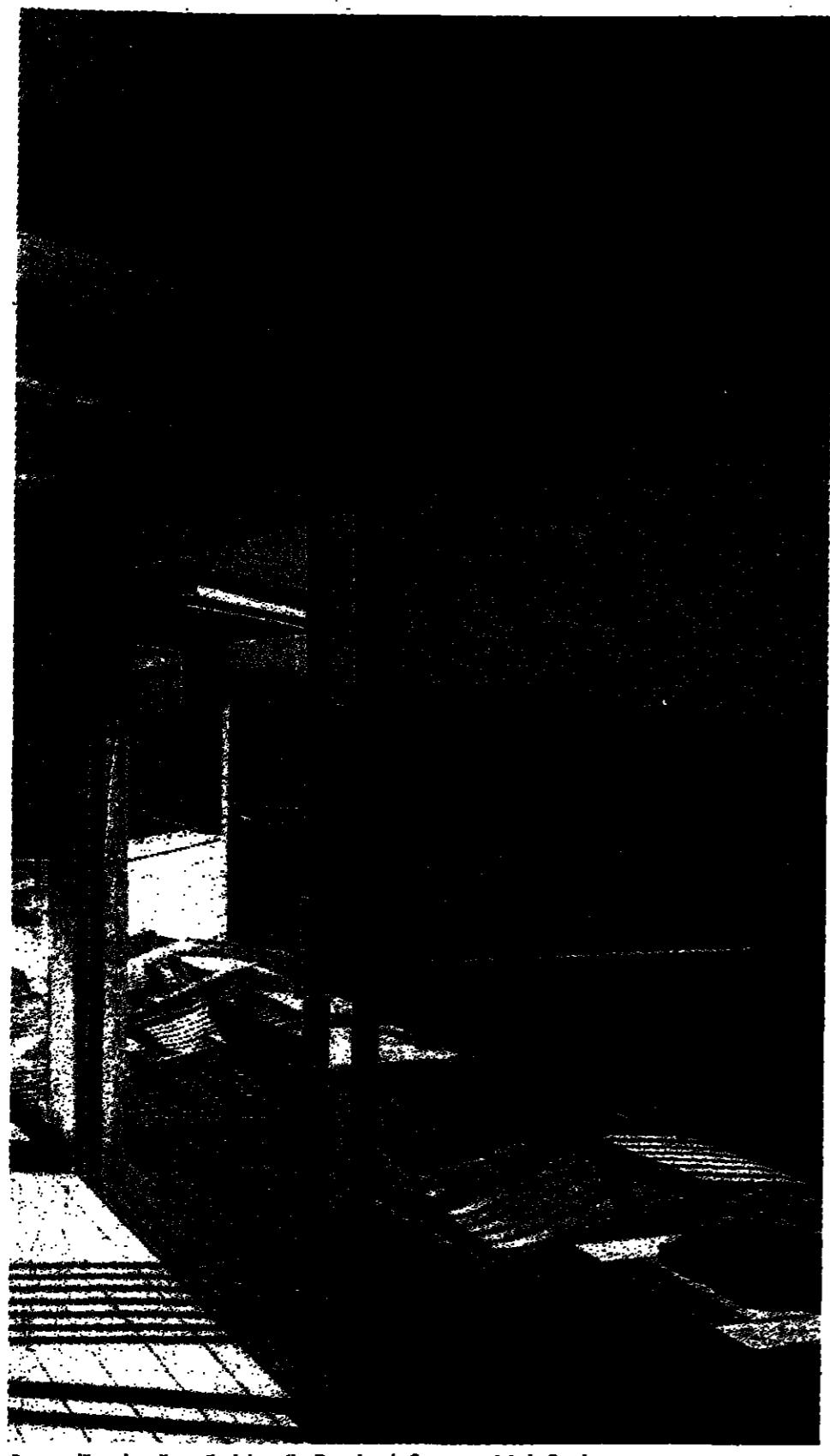
The development partnership comprises IMISA, a German bank and construction company, and the architect.

Still at Santa Ponsa Nova, Las Abuhillas is a development of more conventional style, although even this estate has abandoned dazzling white walls for shades of ochre and cream. Detached villas with tiled roofs echo the typical Spanish holiday home. The properties have one or two stores with two to five bedrooms.

They are in low-walled gardens with terraces, pergolas, sometimes plunge pools - all the trimmings for summer living - plus salons with fireplaces for winter evenings. Each has a parking space in its garden and there is a communal pool, while a village street winds through the estate. Prices range from £220,000 to £280,000.

Las Abuhillas takes its name from the hoopoes that fly around the golf course it overlooks. Eventually, there may be 110 homes on its 17 acres. And typical of the mingling nationalities involved in Mediterranean leisure homes, the developer here is a British company, Ryde Properties, while the designer is the Russian-born Pedro Oztoup.

For more information on Sperone tel: Paris 45 62 16 46 or London 071-244-7822; Los Pampinos - Majorca 69 31 29 or London 071-551-9440; Las Abuhillas - Majorca 69 41 77 or Hamptons, London, 071-483-3222.



Rooms with a view: the outlook from the Domaine de Sperone estate in Corsica

LONDON PROPERTY

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TRAVEL

Gulliver meets an Asian goddess



TAKE one three-year-old girl with the eyelashes of a cow and a neck like a conch shell. Lead her into a darkened room filled with freshly-severed buffalo heads. If she remains calm, you may have a goddess on your hands.

The selection process for the Kumari - a prepubescent girl worshipped in Nepal as a living goddess - is a rigorous affair. Girls must be born into the goldsmith caste and display 32 characteristics including spiralling lines on the soles of the feet; long and well-formed toes; cheeks like a lion; small and well-recessed sexual organs, and a body shaped like a banyan tree.

Any child so anatomically blessed, one might imagine, would automatically win the right to be worshipped. Not at all. The contestants are then put through a trial of bravery, their nerve tested at the dead of night with bloody animal heads and men in demon masks.

The victorious girl, untroubled by such foolish pranks, must then have her horoscope scrutinised. Assuming that her astral inheritance does not clash with that of the king, she is proclaimed a living goddess and taken to a house in Khatmandu to live out her prepubescent years.

I set off one afternoon in search of this diminutive deity. Flagging down a cycle rickshaw in Thamel, the part of Khatmandu favoured by budget travellers, I asked the boyish cyclist to pedal me to the Kumari's palace.

As we creaked and sloshed through the narrow, medieval streets of old Khatmandu, hot drops of monsoon rain silted from the summer air. The rickshaw driver struggled to maintain speed and a patch of perspiration spread steadily across his back.

Old Khatmandu is like a large city shoeboxed into a confined space where tumbledown brick buildings, as well as people, seem to jostle for position. Houses, temples and roads have a hunched, bunched, slightly distorted appearance as though reflected in the back of a spoon. As I rattled by, I felt positively Gulliverian, thrust into an Asian Lilliput.

The toy-town feel is exacerbated by Khatmandu's architecture,

which features intricately carved wooden balconies, gilded roofs, cascading multi-tiered pagodas, Buddhist stupas like inverted ice-cream cones, and doll-house shops crammed with sacks of spices, household goods and religious paraphernalia.

We progressed through the worn-like streets, forcing a swathe through the press of people. Many were carrying black umbrellas which they whisked from our path as the rickshaw rattled by. Eventually we clattered to a halt near the Kumari's palace. I settled my fare with a dog-eared note and approached the home of the living goddess.

The imposing gate at the palace threshold was flanked by two shoul-

ders. Once a year the king comes to worship. The Kumari bestows upon him authority to rule the nation by placing the red *nika* mark on his forehead. On one occasion, a rather disobedient little goddess ignored the king and placed the *nika* instead on the smooth forehead of his son. The king, needless to say, died within a few months and power passed to the prince.

The goddess's most riotous time comes during the festival of Bhadrakumari when thousands gather in the square outside her house. Three huge chariots, one for her and two for her male attendants, wait outside. Bands play and masked dancers leap about.

As the king and queen appear on

David Pilling visits Khatmandu and learns about the rigorous process of selecting a Kumari, a child worshipped as a living goddess by the Nepalese

der-high stone lions, painted in primary colours. Just inside was a small anteroom where a watchman lay asleep in a dusty alcove. Passing into the 18th century courtyard, I looked up at the decaying copper-coloured brickwork and the dark wood of the ornate windows. Behind one of these carved marvels, the living goddess was now hidden.

The Kumari's life is not that of a regular child. Once taken into the palace she does not emerge again, save for the odd religious festival, until she becomes "impure" - either at menstruation, or after bleeding heavily from the loss of a tooth.

On the rare occasions she leaves the palace, the little goddess's feet must not touch the ground for fear of pollution, a stipulation that obliges her to walk on cloth or be carried in a wooden chariot.

The Kumari's daily routine includes sitting patiently on a throne while she is worshipped by a stream of devotees, playing with her nurse's grandchildren, and appearing at her window for the benefit of tourists. Her appearances at the balcony must on no account

be photographed. Once a year the king comes to worship. The Kumari bestows upon him authority to rule the nation by placing the red *nika* mark on his forehead. On one occasion, a rather disobedient little goddess ignored the king and placed the *nika* instead on the smooth forehead of his son. The king, needless to say, died within a few months and power passed to the prince.

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a balcony opposite, the Kumari emerges decked from head to toe - not a great distance in a five-year-old - in fabulous jewellery. A goat is sacrificed on the yoke of her chariot which then moves off slowly through Khatmandu as guns fire and the king bows in respect.

The next day, the procession again trundles through the streets, pausing before a demon-like mask with white fangs and staring red eyes. Beer spews from the mask's mouth, arching into the crowd and precipitating a frenzied struggle for the holy liquid. The Kumari, too,

is sacrificed.

For one accustomed to being the centre of such grand events, puberty must come as quite a shock. On this day the young girl's godlike powers desert her and she must leave the palace forever, never again to be worshipped or revered. From being a living deity whose every whim is answered, she is transformed overnight into a rather awkward teenager with few friends, a rudimentary education and next to no experience of the world beyond her palace walls.

Former Kumaris receive a state

pension, but some ex-goddesses have had difficulty adapting to the daily slog. Many find it hard to secure a husband since a Kumari must overcome the widely held belief that any man who marries her is doomed to an early grave.

I was lost in thought - thinking how strange it was that a few hours in a jet plane had brought me to a country where such beliefs were common currency - when I suddenly became aware of movement at the balcony above. I looked up to see a young and slender woman with a small child in her arms. It took me a second to realise that this small child was the goddess herself.

Her tiny body was swathed in red silk and a red bow nestled in her hair. The goddess's face was painted extravagantly with coal-black makeup which curved from her piercing eyes to the tips of her ears.

Suddenly she was gone. As she was looking down on me - I was alone in the courtyard - she had begun to squirm impatiently, evidently on the verge of a tantrum. Her attendant had quickly whisked her away before she could begin to cry.

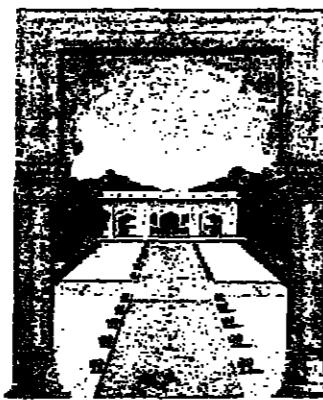
This little girl, who had looked upon bloodied buffalo heads with equanimity, had reacted to my face with rather less composure. I headed back to my hotel feeling all-too-mortal, avoiding mirrors all the way.

David Pilling travelled c/o London-based Promotion Nepal (3 Wellington Terrace, Bayswater Rd, W2 4LW; tel: 071-229-3252) and local operator Temple Tiger. Nepal has three main attractions: Khatmandu for temples and culture; the mountains for trekking; and Chitwan national park for tigers. Promotion Nepal offers tours combining some or all of these elements. For example, the "Complete Picture" tour incorporates Khatmandu, the classic Annapurna sanctuary trek and a stay at Chitwan with white-water rafting and an elephant safari. This 21-day tour starts at £1,600. More modest trips begin at around £1,000. Flights from the UK are with Royal Nepal Airlines which operates the only direct route to Khatmandu, twice weekly from Gatwick.

Holidays & Travel on Pages XII, XIII XIV, XV



A door, framed. In this case the Alangiri Gate.



The perfumed gardens of Shalimar.

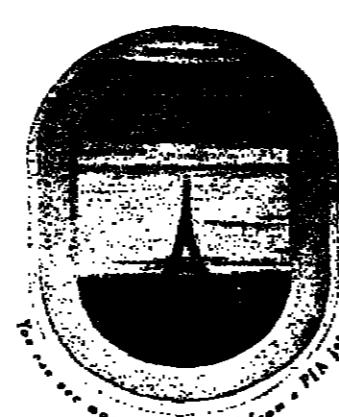


A tomb with a view in Uch Sharif.



Two peaks: Diran and Rakaposhi.

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Without doubt, the most attractive time to sail across the Mediterranean is during springtime. The temperature is just right for exploring ashore, the sites have yet to be invaded by the summer season travellers, but even more importantly the countryside is alive with the colour of spring flowers and the fresh greenery that is only present for the short spring season.

THE MS ILLIRIA

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Piraeus-Katakolon (Olympia)-Taormina-Salerno-Bonifacio-Monreale-Motril (Granada)-Cadiz (Seville)-Lisbon-Oporto-La Rochelle-Jersey (Channel Islands)



THE ITINERARY

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DAY 2 Katakolon Drive through the countryside to the nearby site of Olympia set in a tranquil valley. See the stadium and the treasures, the Temples dedicated to Zeus and Hera and the Museum of Olympia.

DAY 3 Catania Drive to the theatre at Taormina and visit Mt Etna.

DAY 4 Salerno Visit Pompeii and the enchanting town of Ravello to see the 11th century Palazzo Ruffo with its lovely Gardens and Cliffs.

DAY 5 Bonifacio (Corsica) After a visit to this dramatically situated fortified town we will explore the country lanes and 13th century church of St Dominic.

DAY 6 At sea

DAY 7 Menorca See the Island at its best. Explore the capital Mahon and Ciutadella and drive through the flower filled countryside.

DAY 8 At sea

DAY 9 Motril Drive across the hills and plains.

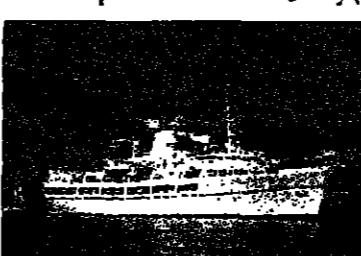
DAY 10 Cadiz See the immerse Gothic Cathedral and the Mezquita, the 14th century Moorish citadel that became a palace of the Alhambra.

DAY 11 Lisbon See the Jeronimos Monastery at Belém and the Grand Palace of Queluz.

DAY 12 Oporto This great mercantile city is a delight. Visit a port wine lodges on the banks of the Douro, the Cathedral and the Romanesque Museum once home of the exiled King Charles Albert of Sardinia.

DAY 13 At sea

DAY 14 La Rochelle Once a haven for the Huguenots, La Rochelle is a delightful, busy and prosperous port. Walk through the excellent



THE MS ILLIRIA

DAY 15 Jersey Visit the Manor of Samara and the Eric Young Orchid Foundation.

DAY 16 Dartmouth Disembark after breakfast for coach transfer to central London.

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TRAVEL

Just don't mention Crusaders

Emma Tucker upsets a film crew but still feels relaxed in Syria

"WHY DID you decide to come to Syria this winter?"

"Because I thought it would be interesting to spend Christmas in a Moslem country."

Ahmed, our guide, looks uncomfortable, then translates into the microphone.

"Cut!"

The strong television light clicks off, the microphone is lowered and Ahmed sighs.

"This is a free country," he shrugs. "You are not supposed to talk about religion."

The Syrian TV news crew has sought us out in the ice-cold bar of a hotel in Latakia who is ready to try again.

"Why did you decide to come to Syria this winter?"

"There are many beautiful sites in Syria," I say cautiously, "and I've always wanted to visit the Crusader castles."

"Cut!"

We go through the same sequence. "No crusaders," says Ahmed while the other travellers in the bar, now high on the local aniseed arak, fall about laughing.

Eventually we come up with a suitable response. "Syria is a beautiful country; there are many beautiful things to see and the Syrians are very friendly people." None of this I would dispute; it just isn't my idea of an interesting answer.

Six days later, in the hotel Zenobia at Palmyra, we watch the result. I appear after a string of singing children and a

floating love-heart from which Hafez al-Assad, the Syrian president, waves benignly.

Only Ahmed is upset. His wife, at home in Damascus, had hired two video cassettes recorders to capture his moment of glory, but he is cut out of the film and another, female, voice is used for the translation into Arabic.

In Palmyra it is even colder than in Latakia. Outside, snow drifts around the columns lining the great colonnade of the ancient oasis city. The Zenobia hotel, built inside the ruins, looks out across the Temple of Bel with its massive courtyard and sacrificial altar.

Palmyra, which dates from the 2nd century AD, is the highlight of any trip to Syria.

The spectacular remains of the city and its funerary towers are all the more impressive because Tadmor, as the Syrians call it, after the Arabic for date, is in the middle of nowhere, at the very end of the anti-Lebanon mountains, 150km from the River Orontes in the west and 200km from the Euphrates in the east.

But then most historic sites in Syria are deserted. Many of the places we visited were empty, apart from in and around Damascus where busloads of Iranians swarmed around Shi'a shrines. At the Omayyad mosque in Damascus they were gathered beneath the Dome of the Eagle, the women weeping loudly as an



Final touches in a Syrian barber's shop. The country is almost empty of tourists

Iranian imam, swearing revenge on the Sunnis, recounted the split in Islam. Never mind that most Syrians are Sunnis - they did not appear to mind. The 2,000 or so Iranians that visit every week go home laden with the imported electrical goods now swelling Syria's shops.

At Crac des Chevaliers, the most picture-book of the Crusader castles, there was a party of German visitors. But further up the coast, at the castles of Sabyoun and Qalaat Marqab, old men had to be roused to open the doors for us.

Much of the time we could have been in Scotland. Fog and drizzle masked Crac so that the bus almost crashed into its daunting outer wall. Inside,

to thrash a pocketful of fat, sweet raisins into my hand, and around the ramparts like special effects for a hammy stage set. But at Sabyoun, a prettier, airier castle built by the Arabs, the sun came out to light eucalyptus-lined paths and views across Syria's only forests.

"You are welcome in Syria," said the man who opened the door, warming himself at an oil stove. We heard the same words everywhere we went, whether from the stall holders in the souk at Aleppo, a flamboyantly mustachioed singer at a nightclub in Damascus, or the Syrian orthodox priest in Ma'llullah, a mountain village where Aramaic is still spoken. At the national museum in Damascus a guardian sidled up

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SPORT

Rugby Union/John Hopkins

When every tackle is a culture clash

MY FRIEND Dai is a rational sort of chap. He lives near Birmingham (well, no one is perfect) and writes calmly and only occasionally irascibly about golf. There is nothing to suggest he has rabid tendencies. Yet, this man is metamorphosed on occasions such as today when Wales are playing rugby against England.

A couple of years ago, we were in Jacksonville, Florida, on the day Wales faced England. In the early evening, Dai returned from telephoning home with a smile as large as his stomach (which was, and is, ample). "We stuffed 'em, 12-9," he said. It did not matter that it was a rotten game. The only important thing was that the men in red had won.

England versus Wales is, indeed, like no other rugby match. Wales against Ireland is a meeting of (fairly) like-minded Celts. Scotland against France has its own particular appeal, not least because the Scots have never won at the Paris des Princes in Paris (or beaten France in Paris since 1989, for that matter). But England v Wales has an edge that is sporting and sociological, physical and political.

"Forget the All Blacks, the Wallabies, and the Springboks," said David Watkins, the former Wales and British Lions international. "It's beating England, the

oppressors, that fires the imagination of every Welshman."

In my view, the Welsh and the English are like the French and the English. They are not meant to co-exist, and it is unfortunate that the two countries are in such close proximity. One can sing, the other cannot. One can play cricket, the other cannot. One owned the mines and the steel works, the other worked in them. One bred sheep, the other stole them. One supplies the water, the other drinks it.

Character and temperament are two differences that mark out the Welsh from the English. Language is a third; Gareth Edwards and Barry John used to confuse opponents by talking to one another about rugby.

In literature, the difference is striking. England's rugby heroes are described as if they are Greek gods. Of Romie Poulton-Palmer, it once was written: "The wondrous Poulton, the fleet and flaxen, a golden-haired Apollo who stood as a symbol of the heart of England." By comparison, the Rev Frank Marshall damned with faint praise when he described Arthur Gould, of Wales, a truly great player and one superior to Poulton-Palmer, as: "The greatest centre three-quarter that has ever played."

In their book *Rugby*, published in 1927, former England internationals Wavell Wakefield and H.P. Marshall wrote: "A man who plays rugby must be ready to give and take hard

knocks, but he will take and give them with a grin. He will not lose courage and determination and a sense of humour, and he must learn the meaning of unselfishness."

Contrast that with this passage by Richard Llewellyn in *Hou Green Was My Valley*, published only a few years later: "But Cyfartha is like a fisherman's net. The fly-half has been too clever and wants the fly himself, and on he goes, tries to sell a dummy, and how the crowd is

laughing, for to sell a dummy to Cyfartha is to sell poison to a Borga."

In spite of the two countries' differences, one date has considerable significance for both: June 8 1897 when Wales beat England 16-3 in Brisbane, Australia, in a quarter-final of the first World Cup. I think that was the worst result for Wales and the best thing to have happened to England. The Welsh reaction was to gloat — again proving themselves superior to their oldest



Striking back: Mike Hall of Wales passes to Scott Gibbs while England captain Will Carling looks on, during last year's clash at Twickenham

and bitterest rivals. The reality was that this victory covered serious deficiencies. What was wrong quickly became apparent, and Wales entered a trough comparable to that between 1923 and 1930 when they won only nine of 33 games.

England, by contrast, began a recovery programme that has made them one of the three leading nations in world rugby. In their past three meetings with Wales, the English have scored 83 points, the Welsh only 12.

"Wales is proud of this victory. Welsh peers and labourers — with all the intervening strata of society — were united in acclaiming and cheering the Welsh team. It was... a victory for Wales that probably is impossible in any other sphere." So wrote the *Western Mail*, the national daily newspaper, the morning after Wales had defeated the 1935 All Blacks 13-12 at the Arms Park. The same might be said if the Welsh win at Cardiff this afternoon.

BERNARD Heffernan is a punter and horseman of greater than average courage. This middle-aged Dartmoor farmer has wagered nearly £20,000 on his prospects of becoming the champion 1993 point-to-point jockey. Should he win, Heffernan stands to collect nearly £750,000.

"I think the bookies should have a kind word said about them," said Heffernan as we drank tea at his kitchen table. "If it wasn't for them, this whole game wouldn't be on."

If it was not for the spirit of Heffernan and others like him, point-to-point would not be enjoying a boom. As the season starts, the economic clouds over Flat racing and National Hunt seem to have missed point-to-point. The 1993 fixture list is longer than ever, includes Sunday racing for the first time, and looks likely to have more runners than ever before.

In 1992 there were 12,715 runners in point-to-point, compared with a

previous record of 12,549 in 1988. There were 1,407 races last year, the previous record was 1,233 in 1989. The 203 meetings held in 1992 were the most for 30 years but, if the weather smiles, there will be 205 this season.

Rural simplicity gives point-to-point its charm. Every horse must have been subjected regularly to the muddy rough-and-tumble of a local hunt. No highly-strung thoroughbreds need apply. The usual course is over the land of a sympathetic farmer, although some hunts do use steeplechase courses. Races average three miles; ferociously long by the standards of the Flat. Point-to-point is also dangerous and there are many accidents to both horse and rider.

In the car parks, Range Rovers and filthy farm Land Rovers stand side by side. Horses and riders mingle with the crowd. Pints of beer and pork pies are far more in evidence than smart picnics — if only because the weather often is foul. The only common ground is a love of horses — something not always found on professional tracks.

Heffernan is aiming for 100 rides on just over 30 race days. A wall of his sitting room is covered with a chart listing dates, meetings and

Devon bairns. "At my age, you don't want to risk getting up on other people's rubbish."

The most famous of the string is Yahoo, runner-up to Desert Orchid in the heart-stopping 1989 Cheltenham Gold Cup. "They say he's too old but I old boys got to stick together," says Heffernan. "His job is racing. You couldn't just turn him out in a field. Getting into point-to-point has given him a new lease of life."

That might also be true of the owner. Three years ago, Heffernan had never raced a horse, although he is a lifelong amateur show-jumper and hunts with the East Cornwall. Last year, he had his first winner — followed by five more — and eight seconds, and

took the Woodhouse Trophy as point-to-point's leading owner-rider.

"I don't see myself taking on Scudamore (National Hunt's top jockey) but on the amateur circuit I'm entitled to my bit of fun," he asserts. "I'm a doer. Can't be bothered with watching. There's so much enthusiasm and friendliness in point-to-point, it's a fun thing." Public and participants obviously are. Although racing generally is stricken and attendances are falling, point-to-point expects record crowds.

Some say the big boys, sheltering from the financial problems of National Hunt, are using the amateur world of point-to-point to keep

their hand in and their horses visible. Alternatively, with the continuing bad prices at horse sales, perhaps breeders are holding on to animals and giving them a run or two in point-to-point, hoping that a win might make them attractive when life returns to the market. But perhaps the open, almost native, camaraderie of the "pointers" is infectious.

After news of Heffernan's bet trickled out, his "phone scarcey" stopped ringing. Even arch-rival Robert Ainer, a Dorset farmer and last year's champion, called to ask how things were going. Trainer Stan Mellor has offered Heffernan a tip, but he is not sure if that would be fair.

Ainer had 31 winners in 66 rides in 1992 and the bookies have him

at 4-1 to repeat the feat. The odds on Heffernan have closed to 10-1 since he placed his own bets last summer.

How does he rate his chances? "The biggest thing is my staying sound," he laughs. "You can get another horse but if you lose the jockey you're buggered."

A team of six works on the Heffernan string. The farm has its own gallops and the horses — bought for an average of £2,000 each — work out each morning on the spectacular expanses of Dartmoor outside the front gate. Heffernan's wife Denise, also a race rider, is putting nearly as much into this effort as he is.

"I don't consider this a gamble," Heffernan says, but his Devon accent vanishes momentarily — perhaps a sign of a leg-pull. "It's an investment in our ability to produce a first-class animal. I just hope the whole bloody thing stays fit. I want the public to come and say, 'Have a go, Joe.' I'm nothing special."

Point-to-Point/Keith Wheatley

Farmer who thinks he's on a winner

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Motoring/Stuart Marshall

And now the one-box vehicle

FOR THE developing fashion for multi-purpose vehicles (MPVs) is anything to go by, the family car of the future will be box-shaped. It would be sensible. A car with neither bonnet nor boot takes up less road space than a "three-box" saloon or "two-

box" hatchback or estate. And, logically, there is no reason why the engine should be up front, where the horse used to be before the horseless carriage came along.

More than 40 years ago, Volkswagen's Microbus — the first MPV — had the engine

tucked away at the back. Renautically, there is no reason why the engine should be up front, where the horse used to be before the horseless carriage came along.

Toyota took the bold step of burying the engine of its rear-wheel driven Previa under the floor. Why not? All routine checks can be made simply by lifting the grille. And no one tinkers with electronically-managed engines any more, if they are wise.

The latest MPV to reach Britain is Nissan's Serena. At first sight, I thought it looked like a cross

between one of those Italian

cherubs with chromium-plated

heads on each corner and a

decorated, 1930-ish English

limousine. When I swung up into the high seat behind the wheel, it felt decidedly van-like. But the more I drove it, the more I liked it.

Building a vehicle as tall as this gives it an enormous amount of interior space. Passengers sit high enough to peer over hedgerows. The driver's view of the road is so commanding that I found the Serena ideal transport in the crowded West End of London.

There is hardly any bonnet — the engine is mounted further back than usual — and no rear overhang at all. Combined with very light power-assisted steering, this makes the Serena easier to park than a conventional car of similar size.

The top-of-the-range SGX model I used had a British-made, 126-horsepower, 16-

valve, two-litre engine driving

the back wheels though a

pleasant, five-speed gearbox.

Fairly low overall gearing

made it flexible in town, lively

when accelerating up to 60

mph (97 kmh), and good at romping up hills in top or fourth gears, even loaded.

It takes time to reach 80 mph (128 kmh) but holds it on an autoroute without sounding frantic. On a windy day — or when overtaking speeding container lorries — you are aware it has higher sides than a car.

There are seven Serena variants offering four or five doors (including the huge tailgate); six, seven or eight seats; and 1.6 or two-litre petrol engines plus a two-litre diesel. The one I drove had six separate and plumply comfortable seats, two normal front doors, and a single sliding door on the near side.

Having six seats is useful, but only when the rear pair are folded away is there a large amount of luggage space. One of the optional layouts with seven seats (converting to five with a vast boot) would be more useful to a family with three children and a dog who do not want to travel long distances with all the luggage on the roof.

Prices range from £12,850 for the 1.6-litre LX to £17,750 for

the two-litre SGX which comes

with ABS brakes, two power-operated sun-roofs and air-conditioning as standard.

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Nissan's Serena MPV: the shape of family cars to come?

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FASHION

Cashmere is fine, but musk ox was the royal choice

FED UP with cashmere? Too affluent for angora? Try guanaco or mink or for some really decadent clothing.

The world's woolens specialists can supply some of the most exotic fabrics around, if only their customers knew it. For many, cashmere will always be king. But alpaca can feel almost as good at a fraction of the price. Cashmere weavers, who would not be seen dead in yak, yearn for vicuña.

But how to navigate about the arcane world of rare fibres? Here is a quick tour.

Cashmere is the benchmark for all luxury fibres. Connoisseurs seek out white and pastel coloured clothes because only the highest grades of fibre from the best inner Mongolian cashmere goats are pale enough. Poorer, darker, produce from Afghanistan, Iran or Australasia is made into darker clothes. Prices of all grades have halved since 1989 and are now back to the levels of the early 1980s. Sweaters are widely available starting at less than £100. Daks Simpson sells a £299 men's jacket and Aquascutum has a ladies' coat at £1,000. For an unusual variation, Sogo on Piccadilly Circus is stocking a £395 blazer of wool, cashmere and silver fox. Harrods has men's cashmere suits at £1,750.

THE MOTIF tie has become the power neck-wear of the 1990s. Gone are the staid spots, stripes and old school colours; today's high-flyer is wearing a tie decorated with the unlikely power symbols of owls or rabbits, tea-cups or palm trees.

For some years, the classic Hermès tie has been the ultimate executive neckwear, outclassing school and regimental ties with its international chic. The chains, ropes, stirrups and anchors of upper-class sporting pursuits were intertwined across the tie in an intricate pattern. And this interlocking style became an international classic, copied by tie manufacturers everywhere.

But then, to its traditional themes, Hermès added some audacious designs. From a distance, these ties appear to be just another intertwined or repeated pattern. But to the wearer, or a close observer, it is something far more interesting – the interwoven motif is of an animal, a playful image which subverts the formality of boardroom dressing with its whimsy.

Hermès began decorating ties with images of elephants, frogs and even snails. While traditionalists, such as the Prince of Wales and the Duke of Westminster, have remained true to the original patterns, individualists such as Sir Tim Bell, Baroness Thatcher's former public relations guru, Robert Sangster, the race-horse owner, and Sir David Frost, the television personality, shifted their allegiance to the animal motifs.

Hermès believes that motif ties are bought by confident men, those with sufficient power or individuality to break with tradition.

Now, every upmarket label is producing motif ties.

Some call them pictorial, others call them character ties, but the fashion has taken off, as each company tries to create distinctive designs which combine individuality, wit and elegance.

The boardroom tie market is an important one, and not just in terms of design. Hermès has claimed to sell around 800,000 ties a year internationally at £25 a time. Even a share of that market is significant.

The competing labels are making an impact. Paul Karvandi, a senior trader at Paribas, for instance, has noted that the monopoly of the Hermès label is being eroded. "People are wearing motif ties widely," he agrees, "but not always the ones by Hermès. That's particularly true of younger City types, people who

Daniel Green explores the more exotic and luxurious types of woollen

Mohair comes from the Angora goat and should not be confused with angora rabbit hair. It is light, warm and soft but a little coarser and stiffer than cashmere and is easily creased. Lightweight suits are popular in the Far East. Aquascutum has a ladies' mohair and silk blend sweater at £245. Chester Barrie has a mohair and wool men's suit at £575. Pure Mohair suits cost from £1,200 in Savile Row.

Angora is a rabbit hair fabric that has been out of fashion since the mid-1980s. Nevertheless, it is soft enough to be an alternative to cash-

mere and can be much cheaper. The best comes from Germany, Austria and Japan where it is popular for thermal underwear. Sweaters cost from £50 and Chester Barrie has a men's coat at £295 – Harrods priced them at £595 in its sale and sold out within a week.

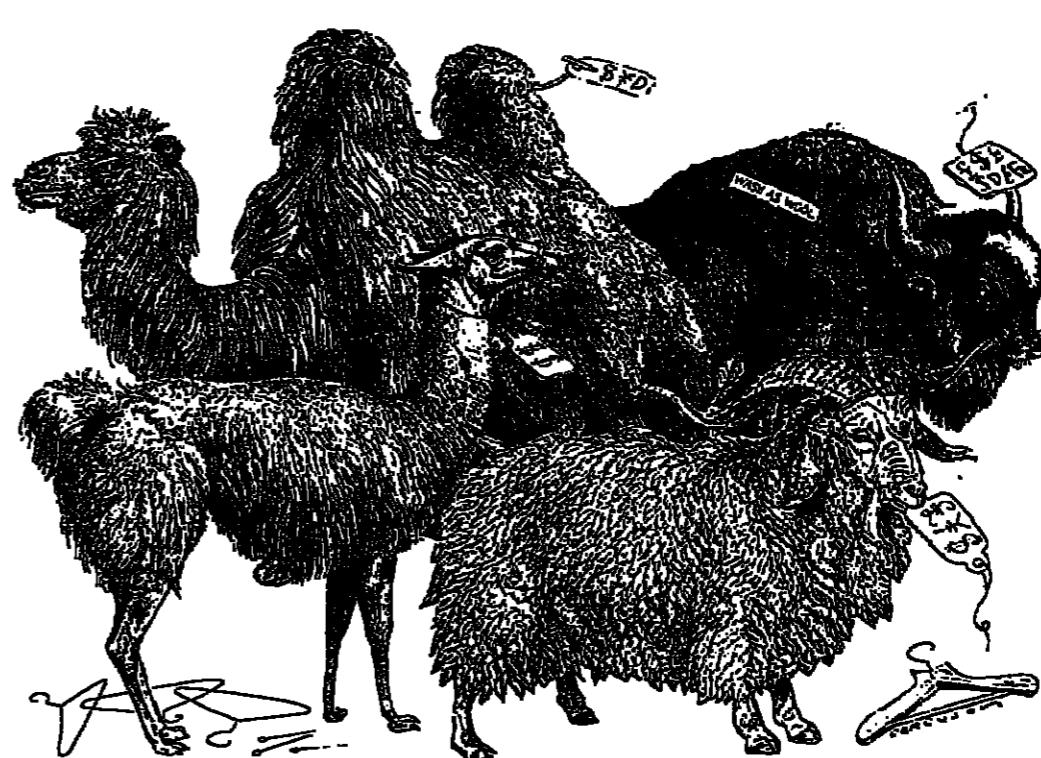
Camel hair has a poor image in most of Europe and Japan but competes with cashmere in the US and Italy. Look out for kid camel hair from Italy. Do not expect to pick up bargains in the Middle East: the camels required are the two-humped Bactrian variety from cen-

tral Asia. Daks Simpson sells a men's jacket at £269 and John N Kent in Stafford Street sells an overcoat at around £1,200. An Aquascutum classic ladies' coat costs £745.

Alpaca fibre is the biggest seller from the llama family of the South American Andes. In terms of fineness it compares with camel hair, yet the wholesale price is about the same as top sheep's wool. The best comes from the suri alpaca rather than the huacaya. There is a men's overcoat at £549 from Daks Simpson and a ladies' swing coat from Aquascutum at £265.

Vicuña is one of the rarest of all fine fabrics and is widely regarded as a cashmere-beater. The vicuña is a relative of the llama, but poaching has decimated wild herds and the remaining creatures are protected. Pure vicuña garments probably originate from the black market, and legal stocks are being eked out by blending with cashmere. The cloth, if available, sells at more than £1,500 a metre in London but Japan is the main market, where a pure vicuña men's coat would sell for at least £6,000. A blended overcoat in Japan retails at £2,500.

Guanaco is also a member of the llama family. Some are reared in Wales, although Argentina produces a higher-quality raw material. It is slightly finer than cashmere



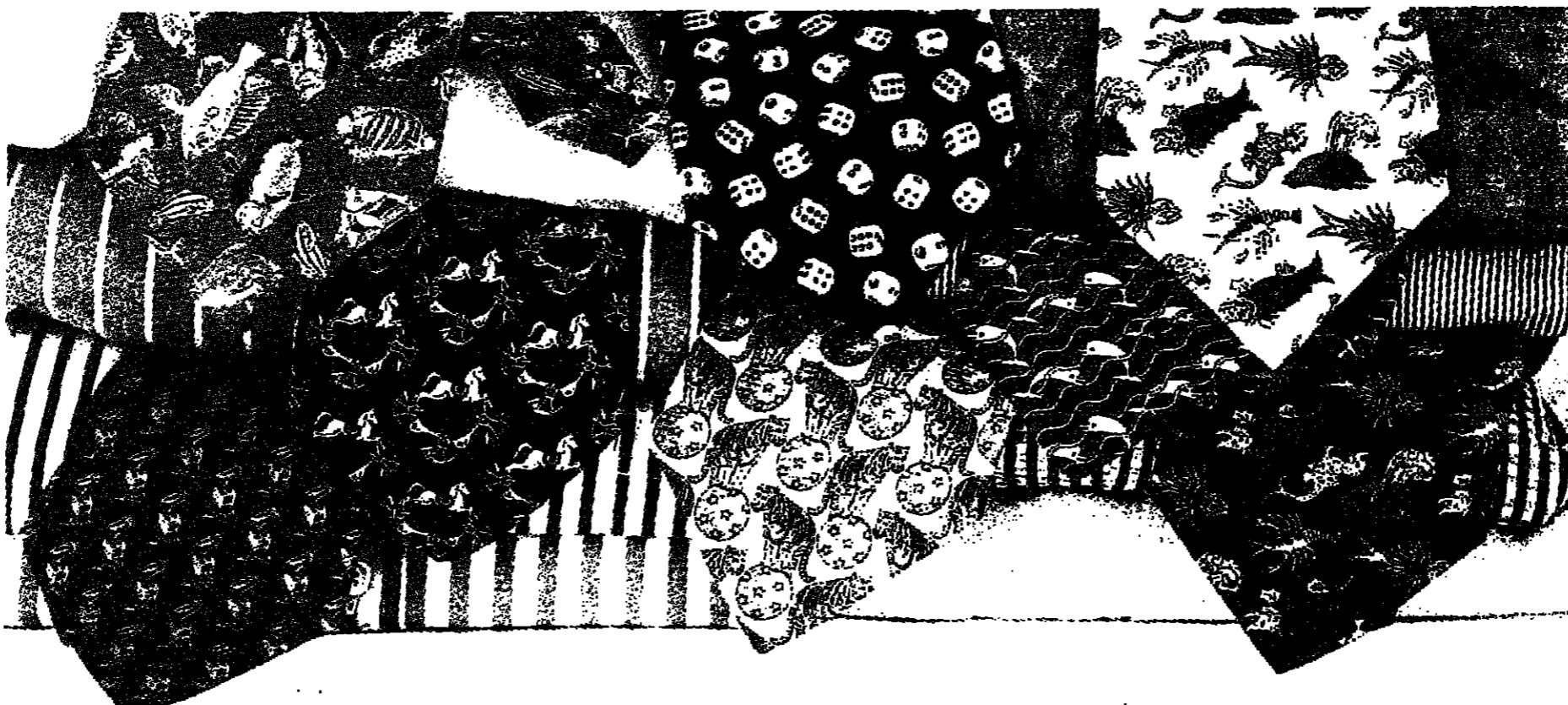
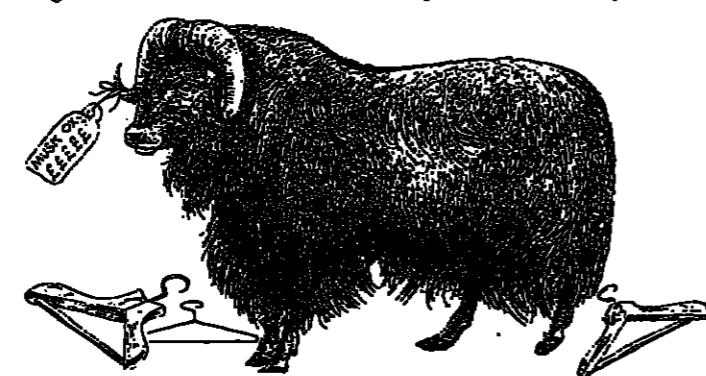
and costs 25-30 per cent more.

Cashgora is an Australasian cross between cashmere and angora goats. Cashgora is not as soft as cashmere but its fibres are longer and stronger. It is typically about 20 per cent cheaper than cashmere but lack of customer awareness means that sales have yet to take off.

George V is and is said to be finer than either vicuña or cashmere. In 1989, Lyle and Scott of Scotland made 72 musk ox sweaters and sold

them for £500 each, mostly in Japan. One of the few reliable sources today is Oomingmak Musk Ox Producers' Co-operative, 64 H Street, Anchorage, Alaska 99501. Tel 010-907-272-9225. Hats, scarves and tunics knitted by native Alaskans cost between \$65 (£43) and \$385, mail order.

■ Daks Simpson, 203 Piccadilly, W1A 2AS. 071-734-2002. Sogo, 28 Haymarket, London SW1Y 4SP. Tel 071-333-9000.



1. Lemon shirt, £49.95 from Hilditch & Key, 68 Jermyn St, London SW1.

2. Tropical fish tie on turquoise and 3. Bright red tie with dice motif, both £55, from Gucci, 32-33 Old Bond St, London W1.

4. Blue shirt, £49.95, Hilditch & Key.

5. Tie with sea creatures, lemon background, £49, Alfred Dunhill, 30 Duke St, London SW1.

6. Blue and white stripe shirt, mail order, £38.50, Charles Tyrwhitt, Saddlers Court, Camberley, Surrey.

7. Tie with horse motif on navy blue background, Salvatore Ferragamo, 24 Old Bond Street, London W1. £49.

8. Tie with tiger motif on cream background, Gucci. 9. Green Dolphin tie, £59, Hermès, 155 New Bond St, London W1; 179 Sloane St, London SW1 and 3 Royal Exchange, London EC3.

10. Fine blue and white stripe shirt, £49.95, Hilditch & Key.

11. Tie with sea creatures on blue background, Dunhill, £49.

12. Navy blue check shirt, 13. Pink shirt, 14. Red and white stripe shirt and 15. Blue and white stripe shirt, all £39.50 from T M Lewin 106 Jermyn St, London SW1 and 34-36 Lime St, London EC2.

16. Green pelican tie Hermès, £59.

Tony Andrews

Snails and frogs now talk the international power language

started out in the '80s and don't feel included to tradition in quite the same way as the older executives.

"Quite often, their ties will be from the other houses, who have taken the motif and worked it into a more elegant design. There's a lot of choice out there and there's room for individualism."

The more closely interwoven the motifs, the more conservative the tie initially appears; the more scattered and separated the motifs, the more adventurous the wearer. Some designs retain obvious class associations, with images of horses, bugles and vintage cars.

But at the more daring end of the spectrum, there are teacups, skiers, zebras, golfers, bon-bons and gramophones; a wealth of amusing images.

Hermès says, naturally, that the copies are the biggest form of flattery. But each label has its own distinct interpretation of the original idea. And motifs come in many moods – they can be witty, graceful, restrained, bold, continental or British – somewhere in that range must be something for almost everyone.

Hermès

The original and the most expensive (£50), the variety and depth of its colours remains unrivalled. Its witty designs are still immediately recognisable, but that has been achieved at the cost of sticking to its original look. Hermès still concentrates on its trademark animals; frogs, pelicans, dolphins, seals and fish are current favourites. Colours are rich, even featuring browns and purples.

included clouds and tugboats. The most successful, and the real trend-setter, was an owl motif as sported by Sir Tim Bell.

Ferragamo

It was Ferragamo which really declared motif war. In a series of full-page tie advertisements last year, it went head-to-head with Hermès, and many felt that the Italian label's distinctive, clever little figures and deeper colours surpassed the blunter designs of the French.

Ferragamo ties (£49) feature mainly people – minstrels, musicians, knights – with an historical feel. Tea cups, playing cards and music staves featured in its first collection, and themes from English country life will play across the next. Uniquely, it will use across the year, it will play across the next. Uniquely, it will use Royal College of Art fabric design students, unrestrained by commercial conservatism, to provide ideas; a sea-monster design was the result of this collaboration. While retaining its other, classic tie designs, Dunhill is committed to both wit and vibrant colour across its pictorial ranges (£45).

Gucci

There is a small room in Gucci's Bond Street shop in London entirely devoted to ties, and nowhere is the

revival of the label's design sense more evident. In linked motifs, its graphic interpretations of skiers, gazelles and striding men have grace and flair. In scattered motifs, its dice, falling leaves and porcelain cups are clever and elegant.

With dozens of rich and subtle patterns, it seems that in certain circles Gucci is nowadays considered the most sophisticated motif ties around (£35).

T.M. Lewin

Restraint is the keynote of Jermyn Street style, and that is reflected in the designs for T.M. Lewin. It is known for the most competitively priced shirts on the street, and its motif ties are also very reasonably priced. At £24 it has golfs, drums and bugles, and palm trees, at £20 knights on horseback

and, most attractive of all, gramophones.

Hilditch & Key

Each Hilditch & Key design is available in muted colours. It has a much smaller range (£29.95, £24.95 at sale prices), on lighter weight ties. Its scattered golfers, parcels, cars and bon-bons are only available on two backgrounds – a somewhat brash scarlet, but also a very effective black, which sets off the motifs nicely.

Charles Tyrwhitt

The mail order-only shirtmaker Charles Tyrwhitt (telephone 0252-860940 for a catalogue) has character designs in rich colours in the Hermès style; golfers and polo players, elephants and parrots, and Sir David Steel's favourite, chess knights (£24.50).

Designer dweeb names the guilty

The cynicism of shop assistants stops Michael Thompson-Noel looking lean and virile

THOMAS Mann said: dress like a bourgeois, think like a revolutionary. My trouble is that I dress like a dweeb, which tends to have a numbing effect on most of the cerebral cortex. Fashionwise – or even merely clotheswise – I am dead from the neck down.

How did this come about? It is not that I do not care, for I cringe with embarrassment every time I see a reflection of myself scuttling past shop windows or find myself, in restaurants, steered towards the table by the door.

It is not that I lack imagination.

In my mind's eye I see myself as tall and lean and virile – just like Zoltán Solymosi, a dancer with the Royal Ballet, who featured, with Darcey Bussell, in a recent issue of *Vanity Fair*.

In one of the photographs Solymosi wore a Daks dinner suit with a black polo-neck sweater. I could wear them easily. I could even wear the tartan sequinned evening jacket and black lycra bodysuit that Darcey Bussell was modelling.

It is not that I lack the money. I am not awash in funds: 45.6 per cent of my net salary goes in mortgage payments to the chairman of Abbey National, to keep him sleek and plump. But I could afford some stylish clothes if I only visited the stores.

It is not that I lack taste. Nor that I do not travel, or stay in posh hotels.

Nor – as you mention it – am I as thick as two short planks and somehow unaware that women look more kindly

on men like Zoltán Solymosi, with his nice shoes and waistcoats and expensively-kempt hair, than they do on men like me.

Some of the soup stains on my ties have soup stains of their own. Neither of my suits fits. I take refuge in blazers. Most of my sweaters are gross. My shoes pinch.

Who do I blame for the state of

my wardrobe? Answer: the retailers. Reason: their cynicism and short-sightedness in employing shop assistants who have sold me, over the years, clothes that neither fit nor suit me. Is stupidity a job requirement for people who work in retailing?

I counted my clothes this week. I only own two suits (one from Gieves & Hawkes, bought in a sale, which needs major surgery and should never have been sold to me); two blazers; one sports jacket; 10 peculiar pairs of trousers; one French-made blouse (the only decent thing I own); one hideous linen sailor jacket (Simpson of Piccadilly); they should have refused to let me near it, let alone take it home); one tatty raincoat; no overcoat at all; one dinner suit; 20 shirts (only two from Jermyn Street); an idiot's collection of ties; three pairs of shoes; seven motley sweaters and a disreputable collection of T-shirts and Bermuda shorts.

I hate shopping for clothes. In my experience, shop assistants are either

smugly superior or too bored or lazy to offer appropriate help or advice. It has to be dragged out of them. They think that their role is to flog me duff clothes with minimum expenditure of time or energy. I blame their bosses. (I blame myself a bit, but not as much as the bosses).

The only time I was sent packing

was by an Austin Reed salesman. It was winter, I needed some shoes in a hurry. The salesman studied my feet, then rolled his eyes despairingly. He said: "You have extremely narrow feet, Sir. I couldn't begin to help. There is nothing in the store – nor at any of our branches – that could fit such narrow feet. You need specialist advice, Sir. I expect I could find an address, but it may not be in London. You may have to make a rail journey."

He was off his head, of course. I do not have narrow feet. He probably had a hangover – just wanted to get rid of me. But if more sales assistants were more honest more often, I would accumulate fewer unsuitable clothes.

I would not hate shopping. As a result,

I would shop more frequently and spend the money necessary to keep my wardrobe up-to-date. Because they do not train their staff properly, clothes retailers must be cheating themselves of millions in lost turnover.

If they raised their game, I might even become interested in fashion. Roll over Zoltán Solymosi; hello Darcey Bussell.

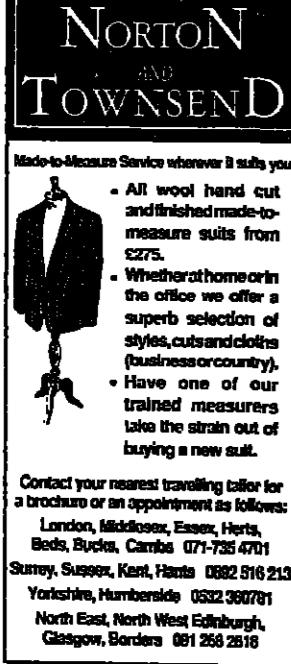
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HOW TO SPEND IT

Dunhill goes back to its roots

Lucia van der Post on a company that is cashing in on nostalgia

AT THE turn of the century London was a city of small shopkeepers. Mass-production had not yet got under way and business was largely made up of small cottage industries. For historians what is fascinating is trying to identify just why some of the small cottage industries died and why others grew into hugely successful modern companies.

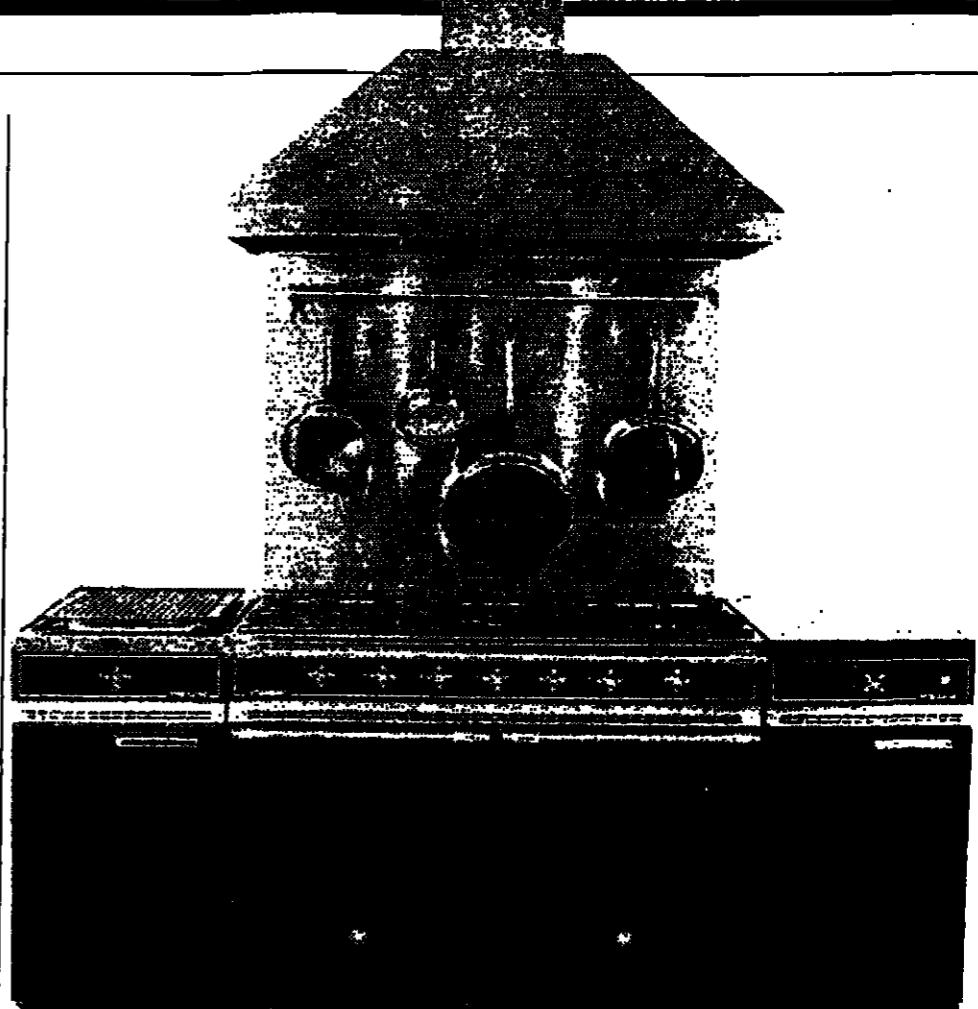
Take Alfred Dunhill. In the late 19th century Dunhill was just a little tobacco shop, one among many. Almost all later fell by the wayside but Dunhill prospered and is now busy turning itself into a big player in the luxury goods industry.

Like most successful businesses it was kick-started by a

man who was intuitive enough to anticipate the way the world was going, to offer customers what they had not yet realised they wanted. Motoring, he foresaw, was going to be the coming thing and so he developed what he called the Dunhill Motorites — fine leather coats to keep out the wind, foot-muffs to warm the feet, motor-masks, fur-lined goggles, brass lamps, picnic baskets; the ideas came thick and fast.

From Motorites (which he foresaw would be less in demand once motor-cars became enclosed and warmer) he moved into an ingenious range of lighters, watches and accessories.

Now that it has become fashionable for companies to look



A serious cooker, for serious cooks

Lucia van der Post considers a kitchen range that is popular with enthusiastic home chefs

ALL THOSE doomsayers who predicted that the family meal was endangered, that the great warming roasts and casseroles of yesteryear would be nothing more than a nostalgic memory, might like to know that they were wrong — the market for serious cooks grows bigger every year.

How do I know? I know because even since La Cornue, the cult cooker for serious cooks, was introduced into this country in 1989, other manufacturers have been rushing to a

up to £8,000 or £10,000 a time the cooker was clearly beyond the reach of all but the most fanatical or affluent. Which is why Eddie Cottrell of importers Fournées de France, approached a manufacturer in Burgundy to come up with Ambassade, a range of what he calls "semi-professional stoves" at much more accessible prices.

They have much of the same charm as La Cornue — generous lines, the expansive use of being a source of carefully-tended gregarious meals as well as the technical capacity to produce them.

There are two ovens, both large enough to take the most well-fed of turkeys; one is a convection electric one, the other a static electric oven with grill. The hob has five high-powered gas burners (which can bring a 5-litre pan of cold water to the boil in under 10 minutes) and it comes with pan stands which enables the cook to cook across the whole surface.

Hobby cooks, are what young professionals and family-minded keen cooks, are looking for. They are no-nonsense, fine-looking, machines. Although they were way beyond the price most ordinary families would dream of paying, keen cooks, it seems, were prepared to pay for something that they saw as central to their domestic lives.

Hobby cooks are attracted by the almost industrial look, robust styling, beautiful workmanship, and fine finishes coupled with large capacity, high power and fine precision.

When La Cornue first came out, few could afford it. Each cooker was made to individual specification and at anything

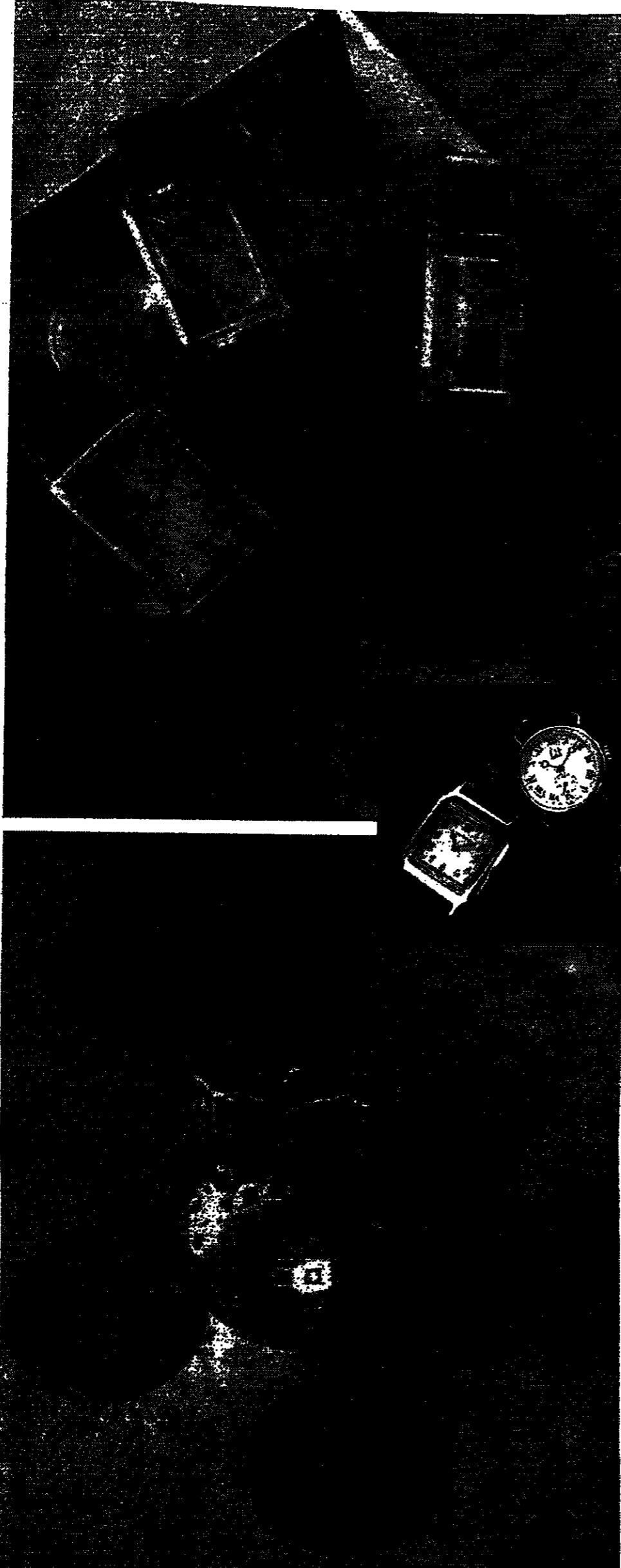
up to £8,000 or £10,000 a time the cooker was clearly beyond the reach of all but the most fanatical or affluent. Which is why Eddie Cottrell of importers Fournées de France, approached a manufacturer in Burgundy to come up with Ambassade, a range of what he calls "semi-professional stoves" at much more accessible prices.

The basic two oven, five-burner model sells for around £2,087 — it is photographed above with two add-on modular units (which include a built-in *bain-marie*, a deep fryer and warming ovens) which are around £700 each. For those who like the sturdy, industrial look but do not need two ovens, there is a single oven (but capacities with two fans and two sets of elements) version which sells for £1,873.

Anyone interested in the cooker can telephone the Fournées de France showroom at 62 Westbourne Grove, London W2 5SH on 071-792-0991 and arrange a demonstration.

So much for the technicalities, what about something a little more personal? Sophie Mirmann and Richard Ross (once of Sock Shop fame, now happily running the children's mini-stores Trotters in London's King's Road and Kensington High Street) have been the contented owners of an Ambassade for three months.

"We love it dearly," says Richard. "We both cook and we were looking for something for a country kitchen, something a little bit special. We like its rugged looks, we think it is very beautiful and very luxurious and at the same time it is wonderful to cook on. It's quite hard to keep it clean but we find it's worth it."



Photographed top left is a selection of Alfred Dunhill watches from the 1930s — to the right are the new versions, which are not exact replicas but have been recreated in the spirit of the 1930s. There are six designs and each comes in an edition of 100. Prices range from £1,600 to £2,500. Pictured left is the original golf ball lighter, first designed in 1929 and most famous for the fact that the body was weighted so that it always returned to the upright position no matter how it was placed on the table. Sold originally for the magnificent sum of seven guineas, the new version, photographed immediately above, comes in sterling silver and will sell for £575.



to their roots Dunhill, in its centenary year, is doing just that — affirming its spirit, celebrating its history, digging deep into the archives. It has launched an £8m advertising campaign to persuade owners of Dunhill collectables to sell them back to the company. Already, several rare pieces have been bought but there are still some special pieces (such as the "Dorothy" rose lighter — a marvellously kitsch design with a platinum and gold basket topped by 60 cabochon rubies for the roses) which the company longs to have. Dunhill has also been inspired to try and recreate the best of the pieces. It has started with a few key designs — the golf ball lighter, a classic of the 1930s; a marvellous short leather motoring jacket based on the Motorites coat; a range of watches inspired by a 1930s Dunhill range; and the Sylphide Lighter.

Sadly, not all the designs have been recreated as finely as the originals — technology and time move on and what was expensive way back in the 1930s is almost unaffordable in the 1990s — but all have something of the original spirit. Pictured here are some of the first pieces from the new Heritage Collection, to be available in mid-March from Dunhill, 30 Duke Street, St. James's, London, SW1Y 6DL and branches.

Designer blends

AFTER the Dualit toaster, the Philippe Starck lemon squeezer and the Alessi kettle — welcome to the Waring blender, latest must-have kitchen appliance for the design-conscious foodie set.

And lest that sounds too frivolous or dismissive, let me hasten to add that almost any half-way professional cook might like to own it, too.

The Waring Professional Blender, to give its full name, saw the light of day in the US in 1955. Before long it became a kitchen classic. Sturdy, long-lasting and powerful, it was just what the eager cook needed.

Cooks love it because it has a two-speed switch and a strong and powerful commercial motor which enables it to cope with tougher foods, such as meats and pâtés.

It is also generously sized, holding 40oz, and it is simple and easy to clean — the top fits straight on to the motor base.

The design-set love it because with its heavy metal base, its thick glass and "Deco" styling it is a relic of the heyday of American soda-bar culture, the golden pre-war period when the US truly seemed the land of opportunity.

I like it best in its original chrome but it is also available

in three new colours — red, blue or green. It costs £129 from Harrods of Knightsbridge, London SW1, Divertimenti of 139/141 Fulham Road, London SW3 and Wigmore Street. For other stockists contact the importers, Robot Coupe, 62 Westbourne Grove, London W2 5SH.

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The tastebud test is best

TECHNICALLY safe our tap water may be; a joy to drink it is not. So welcome to Kenwood's Ultrascreen water filter which I have been testing for the last few months.

Slightly more complicated (and expensive) than simple counter-top jugs, much less complicated (and expensive) than full-blown plumbed-in systems, I have the impression it makes a real difference.

Laboratory testing is not one of my strong points. I have no impressive scientific data to offer, all I can say is that going by the simple tastebud test I like water better when it has been through the



pump system disperses water more evenly over the filter, resulting in more efficient filtration than gravity-fed activated carbon filters. There are a few other points prospective buyers might like to bear in mind. Firstly, Ultrascreen, as you can see from the accompanying photograph, is larger and more cumbersome than smaller counter-top jugs — I still prefer it but others who are short of space would have to take this into consideration.

Secondly, the cost, at £59.99, is about four times that of the simplest systems and more importantly perhaps the cost of the filters is £5.99 a time. In our (mainly) two-person London household a filter seems to last about two

months, which works out under a pound a week — a price I am very happy to pay and a lot cheaper than drinking bottled water but again it should be borne in mind.

One big advantage is that the machine delivers the filtered water faster than most table top models. Ultrascreen is the only machine which alerts users to when it is time to change the filter. The built-in memory points out when the cartridge's effective life is ending.

It can be found in most good kitchen and department stores. Double packs of replacement filters can be bought for £14.99 by mail order from OAS Ltd, Bletchley, Oxfordshire OX5 3AX. (Tel: 0869-50949).

BOOKS

The bible put to political use

A.C. Grayling admires the brilliance and charm of Christopher Hill's work

TODAY IS Christopher Hill's 82nd birthday. Longevity seems appropriate in an historian, for although reading about interesting times is almost always better than living through them, it somehow seems that the historian who does both must profit thereby. Hill has certainly done so; a figure who inspires affection, admiration and controversy in equally generous parts, he is a colossus in his special field - the history of 17th-century England - and at the same time the only Communist ever to have been Master of Balliol College, Oxford.

As if to mark his birthday with proof of sparklingly unpaired powers, Hill here publishes another major study of the 17th century, this time on the influence of the English bible on those tumultuous times. Every characteristic of Hill's writing is on display: astonishingly wide reading, lucid prose, striking insight, compassion. And so too are the themes for which Hill has consistently argued, not least among them the conviction that the English Revolution set the pattern for revolutions to follow, in America, France and Russia, whose various makers looked back to the story of Charles I and Cromwell for their models and cautions.

The 17th century is a battlefield of controversy among historians, and Hill is one of the leading figures in the debate. The controversy's background lies in the development, in recent decades, of a "revisionist" response to the legacy of Whig history which long dominated theories about the English Revolution. Whig history is premised on the idea that history is progress.

But the "revisionists" are not per-

sonating in the evolution of social and political institutions from less to more perfect forms. History is improvement; later, Whigs say, is better. Accordingly their judgment on the 17th century is that the increasing power of Parliament against the Crown represents progress, and explains the increasing liberty, wealth and influence of the English people.

This, in a nutshell, is Hill's view. He has indeed been described as "the last of the great neo-Whig historians". In his celebrated book *The Century of Revolution* he invites us to compare England at the accession of James I (1603) with England at the accession of George I about a century later. James chose his ministers as he wished. Parliament sat at the king's discretion. Crown revenues still supplied most government finance. England was a small, poor country, with a one-crop economy and little international influence. In sharp contrast, Hanoverian England was the world's greatest power, its king owed his throne to Parliament, and Parliament completely controlled the nation's government and finances.

And these, Hill argued, are only the bare bones of the story. James's leather-clad subjects became George's wearers of linen and silk. The former drank ale and owned of pewter and wood; the latter drank tea, coffee, port and gin, and furnished their dining tables with pottery and glass. By George's time knives and forks, looking-glasses and handkerchiefs were commonplace, and the Duke of Devonshire had an indoor bath with hot and cold running water. Such palpably, is progress.

But the "revisionists" are not per-

suaded by the assumptions of this picture, in which the causes and consequences of the Civil War are seen in terms of Crown versus Parliament, with Puritanism providing the focus of opposition. For revisionists the picture is much more complex, with many local factors in play. The distinguished historian Conrad Russell argues that it was not revolution that the 17th century saw, but a general breakdown prompted by three chief factors: it was no longer possible to enforce a single religion.

In his new book Hill argues that the English versions of the bible which appeared in the 16th century, and especially the "Geneva" Bible (so called because it was printed in the Protestant safety of that city, with politically radical marginal notes), had a wide impact on 17th-century society. It was put to political uses, chiefly on the side of opposition to kings and tyrants; it provided textual support for dissent; it hugely influenced literature; and finally it subverted its own authority by exposing difficulties over interpretation - for if each can read scripture his own way, its authority is no longer universal. The impact of this protestant and revolutionary book was enormous and often unexpected. Hill's discussion of it is fascinating, and as usual sure to provoke debate.

In paying warm tribute to Hill as historian and teacher, Conrad Russell this week remarked that however large the difference of opinion or robust the debate in which Hill is engaged, "he always plays the ball, never the man". That is a great virtue, and among all the praises that could be heaped on the head of this doyen of English history and letters, it is an apt one to sing out for, if it speaks of the courtesy of his brilliance, and its charm. Hill's new book displays both these qualities in abundance.



The Toilet of Salome', Aubrey Beardsley's illustration for Oscar Wilde's 'Salome' (1894), is one of the many Beardsley drawings in 'Fin de Siècle: the Illustrators of the Nineties' by Simon Houte, published this week by Barrie & Jenkins (£25, 198 pages with eight colour plates and 120 black and white illustrations)

Marble gods conquer stuffed elephants

A FOGGY day in London town. What the British Museum loses on such days is not so much its charm as the details of its exterior decoration. The conspiracy of fog, fumes and general metropolitan chiaroscuro explains why most people entering the British Museum, including museum staff, never notice that its portals are topped by a pedimental facade - and if they have noticed it, the chances are that they have never both been to see its significance.

This pediment deserves more attention. It was designed in the mid-19th century by Sir Richard Westmacott, whose earlier work elsewhere in London includes the virile but fig-leafed statue of Wellington as Achilles in Hyde Park. Westmacott's theme for the British Museum entrance was *The Progress of Civilisation*. The viewer is intended to begin at the Eastern end, where man is seen crawling out from the primal slime. Man sheds the slime to indulge in hunting and farming; then, in a pagan but intellectually enlightened state, he studies astronomy, as personified by the central figures of the pediment. Thence issue mathematics, manufacturing, drama, poetry and music. Finally, there is the discipline of natural history. By the time he reaches the Western angle of the Westmacott pediment, man is reckoned to be well on the way to a civi-

lised existence.

Since the British Museum was originally founded for "the advancement of the study of Natural History", this was an appropriate order of things. But natural history was already having trouble in retaining its eminence within the Museum. The arrival of the Elgin Marbles, and the steady accumulation of other antiquities throughout the first half of the 19th century, undermined the original *raison d'être* of the Museum. A contest ensued, between marble gods and stuffed elephants: the gods won and, while the elephants were trundled off to Kensington, ample new premises were designed for statues previously accustomed to the ambrosial heights of the Athenian Acropolis.

Well: this was, after all, the same period in which John Stuart Mill asserted that the fifth-century BC Battle of Marathon (when Greeks held off a Persian invasion which might conceivably have proceeded into Europe) was a more important event in British history than the Battle of Hastings. British public schools were Spartan and the British

constitution, an empire-building structure operating from a restricted democratic base, was obsessed with its Classical Athenian prototype. Though Gothic put up a good fight, the Classical architectural orders were bullying their way all over the country. Small wonder that the fossils and the stuffed elephants were dislodged from their Bloomsbury

home. Almost as soon as it went up, Westmacott's pediment was outmoded by an aesthetic of reverence for the Parthenon sculptures.

The story of this process is unfolded with great expertise in this book by Ian Jenkins, one of the curators of Greek and Roman Antiquities at the British Museum. Jenkins explores the dilemma posed for Classically-educated Victorians: whether to salute fifth-century BC Athens as an absolute, an apogée, or recognise the linear inevitability of Darwinian progress. And he traces the development of another problem for museum directors: if Classical Greek art was perfection, where was one to put the also increasing quantities of Oriental and Near Eastern reliefs?

Lord Elgin, as is now generally recognised, was driven not so much by aristocratic cupidity as by a wish to place before the British public exemplars of perfection, and a desire to encourage a renaissance of the arts in Britain. He would have been comforted by some of the statistics revealed by Jenkins: for instance, that in 1878 permission to sketch Classical sculptures in the Museum was granted to some 15,000 art students. But creating a grand chain of progress in art, whereby Egypt was linked to Greece via Assyria, proved beyond Victorian ingenuity; and the hope that Greece might one day be capped by the glories of British art was never remotely sustained by the virtuosity of the day, however assiduous in their Neoclassicism.

"No longer is the art of one

people judged the inferior of

another, but each is taken on its own terms." Thus Jenkins nods towards present causes of intellectual respectability, which dictate that anyone who visits the British Museum ought to spend as much time in front of the colossal monsters from Nimrud as with the Elgin marbles.

But, having displaced the stuffed elephants, the Athenian gods and heroes still enjoy a special status within the Museum. Although the "Valhalla" designed for them in 1833 at the expense of Lord Duveen was modified to make them more accessible to the public gaze, the present setting of the Elgin marbles continues to nourish a sense of particular veneration for them. The sheer spaciousness of the Duveen hall argues that its contents are examples of very rare and difficult art. It may be that, a century hence, the dynamics of taste and cultural relativism will have caused further reorganisation within the Museum; possibly, the Elgin marbles will not be there at all.

But a museum, over time, becomes a relic in its own right. What Ian Jenkins has done is a self-reflexive exercise. He is a curator involved, as it were, with the curatorship of past curators. The results of his research are worth reading by anyone for whom the British Museum has ever furnished delight and discovery.

Nigel Spivey

Fiction/Nicholas Best

Tales of war and the unexpected

O LD SOLDIERS never die, especially not heroes of historical sagas. They simply go on for ever, enjoying a vigorous shelf life long after the last trumpet has sounded, the last battle won. And when the battle is Waterloo, as it was for Richard Sharpe after a dozen best-selling novels by Bernard Cornwell, there was clearly nothing for his creator to do but put the old boy out to grass and go back to the drawing board again with a different soldier, different war, different country altogether.

Rebel is the result, the first in a Sharpe-like series intended to chronicle the American civil war through the eyes of Nate Starbuck, a refugee from Yale Divinity School, who has come south in pursuit of a woman and finds himself stranded in Richmond just as the first shots are fired at Fort Sumter.

Nate's father is a fire and brimstone Yankee preacher, loathed all over the South (and by Nate himself) for the virulence of his opposition to slavery. Rather than be burned and feathered as his father's son, Nate elects to join the Confederate army instead, enlisting in a private regiment raised by the father of an old Yale friend. They shoulder arms and march towards Bull Run. Whereas Nate's brother is serving on the other side...

It's the formula much as before, in fact, a nice picture of fighting on the front, lots of action between the covers, plenty going on to keep the reader thoroughly absorbed. The author is not quite in the Margaret Mitchell class - he cannot match the tension and excitement of *Gone With The Wind* - but the book is perfectly convincing all the same, a sure-fire best-seller if ever there was one. No doubt Rebel will follow in due course, and Johnny Rebel after that and - well, you could almost name the rest yourselves.

Less predictable is Terence Stamp, who after three volumes of autobiography has decided to try his hand at a

REBEL
by Bernard Cornwell

HarperCollins £19.99, 308 pages

THE NIGHT
by Terence Stamp

Phoenix House £14.99, 238 pages

THE BLACK COOK'S
HISTORIAN
by Graeme Rigby

Constable £13.99, 175 pages

RAVEN
by Thomas Strittmatter

Chatto & Windus £19.99, 249 pages

novel, and a rather unusual one at that. Billed as a philosophical comedy, *The Night* tells the story of a dinner party in Holland Park, and of the eight somewhat freaky people who attend it.

Chief among them is Zeno, an actor/pop singer with a background not unlike Stamp's own, who is into circadian rhythms and 16 different kinds of herb in his Ayurvedic toothpaste. There is also Captain Toby, about whose private life the less said the better, promiscuous Fleur, homosexual Mr Rose and ladies' man Nick, who has been known to get through 14 women at one time, and only two of them disappointed.

Quite a night, by the time it is over. Stamp enjoys himself hugely at his characters' expense and as a welcome bonus reveals a closet intellectual beneath his own handsome exterior. He is into equinoxes, reincarnation, Jung, R.D. Laing, dukkerin, Jim Morrison and the earth's electromagnetic field, among other concepts. His characters may not always seem entirely believable to the average reader, but the author moves in exotic circles, so what appears markedly eccentric to the

WHEN THE protagonist of a detection novel is not a police agent but a private citizen, the author is always obliged to explain why he or she does not simply call the cops. A frequent answer is: because there aren't any. Perhaps the murder takes place in a remote house, isolated by a blizzard (*The Mouse Trap*), or on an island where the telephone lines to the mainland have been cut (*And Then There Were None*), or perhaps the principals are in a foreign country where the forces of law and order are corrupt and unreliable.

In two recent first novels, the authors seem hard put to make their answers plausible. Bronte Adams, whose *Brought to Book* (Virago 25.99, 232 pages) includes a lot of wry, often galling detail about life in the world of book publishing, invents an unlikely one-eyed heroine who gets herself into the most absurd punishments rather than risk involving the incredibly suspicious police. The author does not lack a gift for invention; there is enough plot for half a dozen murder stories, the setting is well established, and the sheer absurdity of much of the story (the idea of a one-eyed girl trying to conceal her identity) makes it fun to read.

Thomas Strittmatter's *Raven* is a first novel from Germany (translated by Ian Mitchell) and reads like it too. Its theme is adolescence and early adulthood, as experienced by a bunch of misfits glimpsed first at school, then in a series of low-grade jobs leading nowhere. There are quite a few jokes along the way, but the author's disjointed style and rambling, nihilistic approach leave one wondering what on earth it's all about in the end.

William Weaver

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William Weaver

**R.D. LAING AND ME:
LESSONS IN LOVE**

by Roberta Russell

Artifex Book Company £16.95/ £12.95, 306 pages

protein malts and a mile of swimming a day, and lost her hated 35 lbs - but did little to shorten Laing's problems.

Toward the end of the book - and of their third year of acquaintance - he stayed with her for a week in Manhattan and, for the first time, Russell goes all coy: "Of course, I cannot really describe the luxury of this experience, but it changed me forever." Since he have been led to expect this ultimate lesson in love from the outset, and since she has been spilling everyone else's domestic and socio-sexual beans, along with vastly debatable alternative interpretations, this document is a bit thick.

But despite Russell's gooey

sentiments and ponderous psychobabble, her actual conversations with Laing turn the better half of this volume (which he urged her to complete on her own just before his death in 1989) into an absorbing document for anyone interested in the maverick polymath's later development.

Laing originated the liberation of mental patients from unthinking subjection to drugs, ECT and lobotomies in favour of more caring individual considerations and long-term healing. Russell's record suggests how much remains worth learning from him by non-specialists, too. His *Divided Self* (1960) remains an indispensable manual for dealing with schizophrenia, even though he never pretended to be able to resolve his own conflicts - let alone to redeem what he experienced as "the injustices of love".

Michael Horovitz

Love off the couch

WHEN Roberta Russell, a New York-bred psychology major and marketing consultant in her late 30s, first met the revolutionary psychiatrist R.D. Laing in 1980, he was 53, with his fame dwindling and his marriage nearing the rocks. As she was heavily overweight and desperately seeking a man to share her life, whilst he was drinking too much and earning too little, she proposed a game plan of co-counselling in which she would work at doubling his income while he was supposed to help her lose weight.

He agreed to give her some time and tape-record dialogues that might make up a book. As these sporadically progressed, she found his "attention, commitment and good intentions were my allies in the battle against my persistent resistance to taking my own common-sense advice". She eventually spent two months on

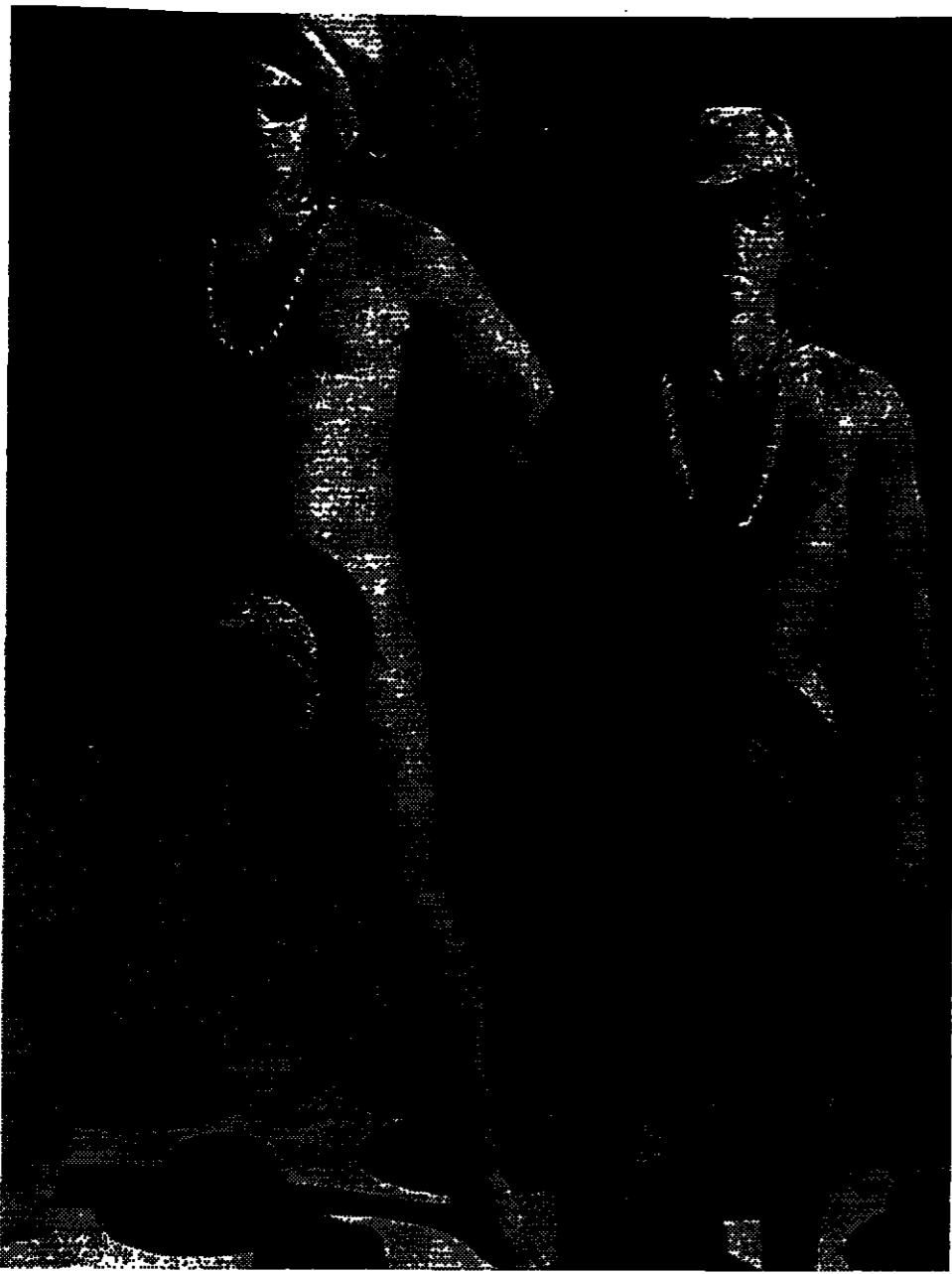
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BOOKS/ARTS



Rusty Cundieff's satirical rap 'mockumentary': 'NWA: Fear of a Black Hat'

Stars shine out in Sundance

TONY Chan shot his first feature film, *Combination Platier*, in his parents' Chinese restaurant in Queens, New York for \$200,000. The unsentimental film has no stars — the lead is a fulltime stockbroker — and its humour hinges on an Asian-American perspective, but the 24-year-old Chan has already been approached by three distributors interested in his movie, and by Hollywood agents interested in him.

Dozens of Hollywood talent agents and studio executives crowded into the Utah mountain town Park City last month, viewing everything from the playwright Sam Shepard's debut as a film director to two filmmakers' grim home movie of their own deterioration from AIDS.

Why was Hollywood in Park City? The studio people were among the 5000 film makers, producers and others at the 1993 Sundance Film Festival, an event created so that film makers working outside the Hollywood system could see each other's films. Now Hollywood cannot afford not to be here to tap this talent pool.

The year's awards reflect the festival's range. *Ruby in Paradise*, about a young woman who flees a backward Appalachia for a Florida resort, shared the dramatic feature Jury prize with *Public Access*, the tale of a handsome stranger turned psychotiller in a typical American town. Documentary awards went to *Silverlake Life* and to *Children of Fate: Life and Death in a Sicilian Family*, about three generations of poverty in a now-leveled Palermo slum.

Twelve years ago the actor Robert Redford took over a founding film festival here, and developed the Sundance Institute alongside it, to incubate and promote the work of young screenwriters outside the narrow confines of the studios. The festival accomplished that quietly, introducing David Lynch, Wayne Wang and Jim Jarmusch, among others, to sympathetic critics and distributors.

It was after one young director's first film called *sex, lies and videotape* charmed Park City in 1989 and went on to take in more than \$60 million at the box office that Hollywood began to pay attention. Attendance has risen 30 per cent a year since. Critics located the promise of American cinema there more than a decade ago, and now the box office is confirming that judgment. The big studios' growing emphasis on high budget blockbusters has also driven more modest ones into independent hands. Actors in search of challenging roles are natural allies. The term "independent film" has become hard to define: the Hollywood "independent" producer's \$10-million movie now shows alongside the \$25,000 gay road odyssey at Sundance.

hired by Columbia Pictures to direct a higher priced remake of his own script.

Columbi has also bought his next screenplay.

Along with the work of precocious novices, Sundance also screened films by veterans, such as Victor Nunez of Tallahassee, Florida, who helped start the independent film movement more than 20 years ago. Nunez's *Ruby in Paradise* follows a young woman adjusting to strange surroundings with a slow, meandering pace that an impatient studio would want to accelerate. Curiously, Hollywood is now courting the director who turned his back on it's way of telling a story.

The competition also presented *Boxing Helena*, the debut of Jennifer Chambers Lynch, the 24-year-old daughter of

the field was Nick Broomfield's response to America's mania for publicising appalling crimes, *Alive! Wuornos: The Selling of a Serial Killer*. Wuornos is a former Florida prostitute condemned to death for killing seven male clients. Wuornos claims self-defence, but the media have branded her "America's first female serial killer." Her notoriety proved to be an asset. The police had sought to sell the film rights to her story even before they arrested her. Also cashing in are a woman who had adopted Wuornos; and Wuornos' lawyer, an obese former rock musician who advised her to plead no-contest. Both of them are paid on-camera for arranging interviews for Broomfield.

Not all the Sundance documentaries were so serious. Some were even fictional, such as the satirical rap "mockumentary" *NWA: Fear of a Black Hat* by Rusty Cundieff. *NWA* stands for *Niggas With Attitude*.

Fear of a Black Hat targets rap's notorious misogyny and its mania for "bedroom." Some real rappers have said that they have been stereotyped negatively by the 24-year-old Cundieff, a comedian who wrote the screenplay, directed, and stars as the belligerent rapper Ice Cold. As a first-time black independent filmmaker, Cundieff fits the Sundance profile. He also breaks it, since *Fear of a Black Hat* could emerge as a mass-market hit, like the earlier movie it parodies, *This is Spinal Tap*.

With diversity in independent film comes conflict. Young filmmakers bristle at charges that they are selling out, becoming "Hollywood directors for hire". Women filmmakers attack the violence that new directors often use as a trademark, and racial minorities and homosexuals clamour for equal time.

With technology's expansion of low-budget filmmaking, this splintering is a natural development. It suggests that Sundance has fulfilled its mission. But the needs of Hollywood itself for ideas and talent may end up sustaining the festival.

David D'Arcy finds all Hollywood in Park City, Utah, talent spotting at the film festival

Still, if the festival's mission has been to take independent films beyond their perennial art house audience, then Sundance has been a success. A dozen films from last year's festival had national releases, among them Errol Morris's documentary biography of Stephen Hawking, *A Brief History of Time*, and *Reservoir Dogs*, the bloody heist film debut of Quentin Tarantino. At least another dozen will get into theatres this year.

Besides *Combination Platier*, the 1993 feature competition included *Twenty Ducks*, a picaresque link of vignettes focusing on a twenty-dollar bill changing hands over the course of several days in Los Angeles. Like many American independent films, this was a twist on a well-worn story. The Spanish-language Texan film *El Mariachi* offered its own version of the gangster theme: when an itinerant musician in a border town finds drug dealers' guns in his guitar case, *El Mariachi*'s 24-year-old director, Robert Rodriguez, has been

David Lynch. Not surprisingly, Ms Lynch's lushly shot drama deals with a case of obsession: a respected surgeon's desire for a patient who despises him. Madonna was the first choice, but Sherlynn Fenn ended up in the part, alongside Julian Sands as the doctor. The two approach their roles in earnest, but the audiences seemed amused rather than terrified, even as the love-truck surgeon performed a series of operations on Ms Fenn.

Ms Lynch's film was not the only one at Sundance to be haunted by her father's presence. Other offerings feature bizarre "stranger in town" characters who turn out to be psychopaths or angry young men with guns at the ready. This twenty-something generation has already been dubbed the year's emerging trend. Others fault that group for exploiting sheer strangeness or violence to gain attention, with screenwriting only an afterthought.

Sundance's strength this year lay in its documentary competition. Leading

Off the Wall/Anthony Thorncroft

Alarm bells for real

After more cries of wolf than even Dracula could manage, arts organisations throughout the UK could finally be in real trouble in the next few weeks.

The local authorities give over £200m a year to the arts, more than the Arts Council, and in recent years many have started to be proud of this expenditure. Glasgow, Birmingham, Manchester and Leeds are just some of the cities that have spent heavily on the arts to raise their profile to draw in business investment and tourist expenditure.

But remorseless cuts in government funding, and the need for local authorities to concentrate resources on front line activities like housing and welfare, mean that the arts could suffer real damage in 1993-94. The final decisions will not be made for a month or so but the alarm bells are ringing furiously around the land.

London seems certain to be badly hit with the boroughs of Brent, Hounslow, Lambeth, Camden and Hammersmith giving most cause for concern.

It is the arts centres receiving over £100,000 a year, like the Tricycle Theatre in Brent and the Watermans in Hounslow, which are biting their nails. The Young Vic in Lambeth and the Greenwich Festival are also in the frame for cuts.

They are unlikely to lose all, but reductions of up to 30 per cent could decimate their activities. The Arts Council has made clear that it cannot increase its 1993-94 grants, which it has already announced. Nor can the London Arts Board. There is talk of the loss of one major arts venue in the next few months.

IT IS tempting to believe that the British short story is enjoying a renaissance. An enthusiastic audience gathered yesterday evening for readings at the Purcell Room, and another will assemble tonight to hear Rose Tremain, Joyce Carol Oates and Barbara Kingsolver. A season of readings is planned at the Voice Box. Competitions are popping up all over the place. And bookshops are dedicating shelves to anthologies — Latin American, South African, Russian, women's and more are due this year.

But much of this is froth. Literary awards favour the novel, and short story writers are the Cinderellas of the publishing industry.

There are three broad categories of anthology: foreign, mixed, and single-author collections. The latter are typically bought by readers who are addicted to the novels of a particular writer, and who would happily read a car-manual if it had the

Outside the capital, the Victoria Theatre in Stoke, the Octagon in Bolton, the Crucible and Lyceum theatres in Sheffield, and the Bristol Old Vic are thought to be vulnerable to reduced grants. In Manchester the council seems to have singled out the Library and Forum theatres, and Liverpool is in its usual knife-edge state. The Bournemouth Orchestra is very concerned, and even the famed arts of Birmingham are not regarded as immune from the Council's declared cuts in its budget.

Perhaps the greatest devastation will occur in towns like Harlow and Milton Keynes where the necessary cost savings could only be achieved by halving or eliminating altogether arts expenditure. Activities like theatre in schools are an obvious candidate for the chop following reductions in the education budget in Greater Manchester and elsewhere.

What makes the situation much more serious this year is that alternative sources of funding are just not there. The Arts Council has pegged its grants to an average 2.5 per cent rise; commercial sponsorship is much harder to come by, and box office revenue is falling virtually everywhere.

There is also the knowledge that the Arts Council faces an actual reduction in its grant for 1993-94. Many arts companies, and local authorities, feel that if the situation is likely to deterior-

ate further, it is hardly worth trying to struggle through this year.

The combination could lead to closures. But its more insidious effect will be to make theatres, orchestras, dance companies, and opera houses play safe, presenting traditionally popular works for longer periods and avoiding the new and the challenging.

It is a short term solution which will lead to a long term disaffection with the arts.

All this is just one more headache for the Heritage Secretary, Peter Brooke who so far has shown himself to be a lack lustre defender of the arts, in thrall to his civil servants. If he could promise to restore cash growth in 1994-95 the will to live would be stronger. As things stand the Arts Council might well avert its gaze if a flagging arts company goes to the wall, in the hope that the first rate crisis will force the government to take funding the arts more seriously.

A few years ago a group of Hollywood actors set up LA Theatre Works in an attempt to create a domestic

On March 21 Radio 3 is transmitting

The Hammer, a gothic thriller presented by the touring drama company Red Shift Theatre. Independent productions have started to infiltrate the very soul of BBC Radio.

This is partly a matter of cost saving, partly an attempt to widen the creative input. It is strange that with all the new plays appearing on the Fringe, or even in sizeable theatres, few get a radio airing. If anything the flow has been the other way. Howard Barker's *Scenes from an Execution* started on the radio before being fleshed out by Glenda Jackson at the Almeida last year, and the *Traveller* in Edinburgh will soon play host to Tom Courtenay in *Moscow Station*, a Radio 3 production of last summer.

The Hammer, which stars Martin Jarvis and Bill Nighy, is produced by Essential Productions, which sees radio as wide open for independent producers. And not just in drama: coming up shortly is Radio 3's first independent music series, *Re-wind*, hosted by singer Robert Tear.

What has slowed the process is the lack of experience of working in radio by theatre and music directors. But the situation in the UK is paradise compared with American radio which is totally monopolised by music, usually by the pop charts.

A few years ago a group of Hollywood actors set up LA Theatre Works in an attempt to create a domestic

radio drama industry. Naturally they looked to the BBC for advice and commissions and a succession of movie names, like Richard Dreyfus, periodically quit LA for a week or so to record in London. This month Walter Matthau makes his radio debut at the age of 72 in a *Fay Weldon* play, *The Hole in the Top of the World*.

Like many other businesses the Edinburgh Festival is currently in thrall to the slump in sterling. It has raised the cost of some planned events by 20 per cent and made it difficult to confirm whether visits from overseas companies are financially viable. But Edinburgh has boldly announced the bones of the 1993 Festival, the first in which the hand of new director Brian McMaster is visible.

No surprise that there is no one big overwhelming theme, and no surprise that opera is prominent, which reflects both McMaster's taste, and research suggesting that opera pulled in visitors who then added on other events. A highlight is *Verdi* — from first to last", starting with his first, very rare *Oberto*, ending with *Falstaff*, with three in between. There is also a Schubert meets Janáček theme, and anticipated visits by 14 major orchestras bringing in their train Tennstedt, Schiff, Lotti, Domingo, and more.

In theatre directors are named but not their plays. They are an impressive international quartet — Peter Stein, Robert Lepage, Klaus Michael Grüber and Robert Wilson. In dance the Mark Morris group makes a swift return after its 1992 success and also from the US there is a debut by the Bill T. Jones/Arnie Zane Company.

agents seem likely to dent it.

Despite derisory rates of payment, and the lack of outlets like the *New Yorker*, exciting short fiction is emerging. Ian McEwan, Adam Mars-Jones and Georgina Hammick are among the few who achieved prominence firstly through their short fiction, though McEwan abandoned the form to concentrate on novels. James Kelman's *Not the White The Grot* was a dazzling display, but Kelman was only really celebrated when he had also written plays. And John Minihill increasingly commissions from writers whom he knows will produce good

material, so the outlet bears an uncomfortable resemblance to journalism. Yet he still manages to find excellent pieces, good enough to publish a selection, *Telling Stories*.

Telling Stories sold extremely well for a short story anthology — around 10,000 copies demonstrates the existence of a market for short fiction.

Giles Gordon believes that while sales of hardback fiction have decreased — a new novel will only sell around 400 copies — single-author collections of stories have held their own. This seems quite likely: British cultural habits are becoming more American, and clichéd though it might seem, short fiction is more suited to urban life-styles. Yet there remains a powerful, and irrational, public resistance to the short story, and no number of dedicated writers, publishers, editors or

Tonight's audience at the South Bank may emerge satisfied, but unless British complacency is redressed, the short story will never flourish here like its American cousin. An award attracting the same status and media attention as the Booker Prize but targeted at story collections would be a boost. Another would be a decision by the Sunday supplements to publish good — really good — short fiction.

Short Stories/Gerard Gardiner

Cinderellas of the trade

right name on the cover. They lead a poor field. Anthologies of foreign fiction are used by adventurous readers to sample new writers before shell-shelling for a novel.

Bringing up the rear are the indigenous breeds: Malcolm Bradbury's *Modern British Short Stories* is a sturdy contender among these because it is the only one to buy it for courses; anthologies targeted at specific readerships (women or guys) follow closely behind; thematic anthologies, like *The Serpent's Tail* series, make up the numbers as do showcases for new writing, like the Faber and Heinemann/Minerva series. Lumbering in last are anthologies of competition winners. Novels romp home, clear winners, every time.

Reputations sell literary fiction and reputations are built on novels; the publishing industry compounds the problem by treating the short story as a medium for beginners

ish vehicle. With a payment rate of between \$200 and \$2000, *Granta* is the most generous magazine here. Its circulation is 100,000, but unlike the *New Yorker*, most of its readers are academics, writers or journalists. Other specialist literary magazines have small circulations; and the *London Review of Books* now rarely publishes short fiction. Women's magazines choose fiction which blends with their tone, so no publication exists to promote the literary short story.

Radio 4 is the largest patron, but there are severe constraints on writing for radio. Duncan Minshull, who produces the daily short story, receives between 100 and 150 manuscripts each week, few of

which suit the specific requirements of his 15-minute programme: pieces must be 210 words long, with a simple plot and fast narrative pace, tales rather than sketches. However, the most debilitating restriction on writing for that format is the impossibility of allowing pieces to develop organically to the right length.

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There will be free informal lectures and demonstrations on restoration and other interesting subjects during this fortnight. Forthcoming sales will be on view and refreshments will be available throughout the day. A donation of £1 per item valued will be requested for the National Art Collections Fund.

9th February Decorative Works of Art: Demonstration of Furniture Restoration, all day
Lecture: Art and Design in Victorian England

Paul Atterbury — 'Antiques Roadshow' Expert, 1.00 p.m. and 6.00 p.m.

10th February Oriental Works of Art: Demonstration of Japanese Flower Arranging, 12.00-2.00 p.m.

Lecture: Chinese Art for the European Interior, Colin Sheaf, 2.30 p.m. and 6.30 p.m.

11th February Pictures: Demonstration of Picture Frame Restoration and Gilding and advice on picture cleaning, all day

Lecture: 'Just Look — Assessing Pictures', Jonathan Horwitz, 1.00 p.m. and 6.30 p.m

ARTS

'Flute' minus magic

Timothy Pfaff on the new Scarfe/Hall production in LA

FEATHERS AND all, Papageno is the most normal-looking and theatrically credible character in Peter Hall's new production of *The Magic Flute* at the Los Angeles Music Center Opera. Despite the director's traditional, straightforward and often fine-grained staging of the opera, Gerald Scarfe's designs anchor the production in the world of the cartoon. In contrast to what one can divine of Hall's, Scarfe's is scarcely an allegorical *Flute*, no less but no more a parable of the human psyche than an episode of *The Simpsons*.

The production seems to have been gauged more to a clichéd perception of its Los Angeles public than to Hall's more earnestly expository sensibility. What magic there is is of the Disneyland and Hollywood variety. After a first-scene snake of Ring-Wurm proportions and neo-Baroque decoration, the ensuing manegarie – animal and human – is an amalgam of surreal animation, classic-film imagery and robotic *Star Wars* futurism.

On their own terms, Scarfe's modishly colourful designs are striking, visually integrated, consistently amusing and intermittently engaging. But

Hall's story-telling literally comes up against them. When they do not dwarf the human characters, they pose daunting physical hurdles.

The cast, all in white face, is vocally strong. What is in effect Papageno's show, Rodney Gilfry responds with a beautifully voiced, finely inflected yet welcomingly unexaggerated bird catcher. Despite a come-headed red wig, Kurt Streit emerges an ardent, poetic Tamino. And Panaguila, in clear, shining voice, is a Pamina of uncommon passion (undercut slightly by a jaunty tempo in "Ach, Ich fühl'"). Harry Peters' sympathetic Sarastro, Sumi Jo's accurate, oddly touching Queen of the Night, and Dale Franzen's pert Papagena are rewarding. The chorus is stirring in "O Isis und Osiris."

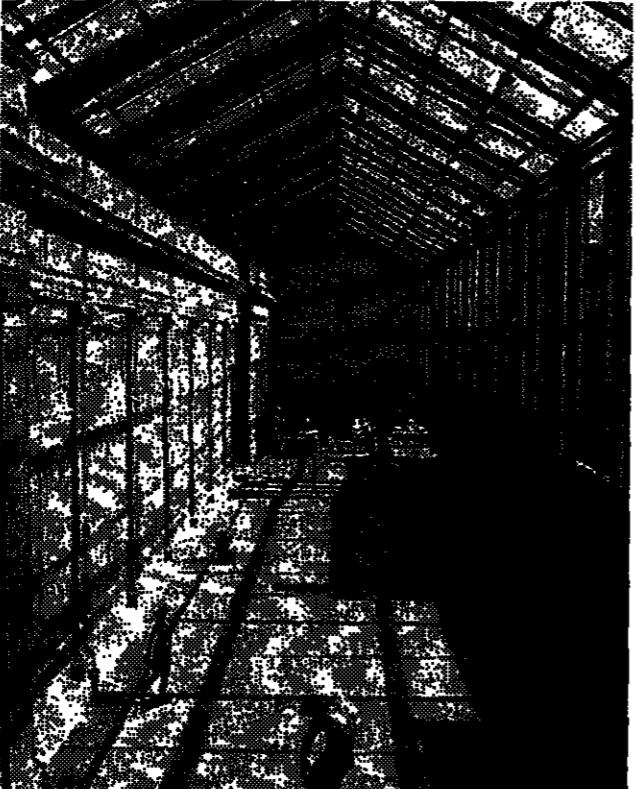
The Los Angeles Chamber Orchestra plays splendidly for Randall Behr. After a somewhat distended overture, the conductor settles for accompaniment over interpretation. Hall's production, his first *Flute* in 27 years, never quite decides whether it is serious – every word of the German dialogue is included – or popular entertainment. Scarfe's designs determine it full of effects, but little magic.

But the production imposes coarseness on moments once sensed Hall might otherwise have staged with more finesse. The first view of Monostatos, costumed as a bloated purple frog with a chartreuse, lizard-like head, menacing Pamina who is sporting a white Valky-



Rodney Gilfry: It's Papageno's show, feathers and all

New face for Toronto



Benefit from benefactors: The Tanenbaum Sculpture Atrium

ON January 24 the Art Gallery of Ontario unveiled its new face to the world. A controversial and long drawn-out project of renovation and expansion has finally been completed – minus some trimmings. Costed originally at \$36m, the eventual cost was \$38m. The AGO triumphantly reemerges as one of the ten largest public art museums in North America.

To one side, the AGO abuts a thoroughly English early 19th-century brick mansion, The Grange. In the early 1900s, a wealthy widow, Henrietta Goldwin Smith, was prevailed upon to make it over to a group of philanthropists looking for a home for the city's embryo art-collection.

The view from the other side of the AGO tells a different story. The main facade on Dundas Street surveys the bustling life of Toronto's Chinatown. Its art gallery straddles two worlds, the city's anglophone, conservative past and its new, fast-changing, polyglot vitality. Behind the glamour of a gala reopening party lie two urgent and related problems: first, making the AGO relevant to a wider public and, second, balancing the books.

In July, the AGO closed for seven months and sacked more than half its staff in response to a \$4.3m deficit. The AGO wanted a \$6m increase in its operating grant but the response was only a \$1m increase. An independent task-force set up by Ontario's Minister of Culture recognised the gallery was under-funded, but charged it to raise more money from the private sector. It also criticised the AGO for failing to attract visitors from different cultural backgrounds and for neglecting its obligations towards contemporary Canadian art.

Elitist and conservative; it is this perception which Glenn Lowry, AGO's director for the past two years, is acutely aware that must be changed. The old AGO did not beckon invitingly. "Essentially, it was a big white cement box across a moat, without enough windows," he recalls. But one remarkable coup has put the Toronto museum on the cul-

tural tourist's map: in 1974, it succeeded in "scoping" London's Tate Gallery when Henry Moore made a huge gift of 101 sculptures, 57 drawings and 105 prints to the city. With cura- Alan Wilkinson, Moore worked on the design of an extremely striking gallery, awash with cool natural light. The Henry Moore Sculpture Centre remains the most important and comprehensive collection of Moore's work in any public permanent space.

The beau-arts galleries of European painting and sculpture have been painted in deep colours, red, green, blue and yellow. Sometimes this now-familiar trick works, sometimes not. I was also disconcerted by the low hang of the pictures. This is child-friendly orthodoxy and anyone over 5ft begins to feel like a giant.

Perhaps there is a whiff of over-eager historicising? A *Kunstakademie*, intended to evoke the origins of the idea of museums, is too sparse and far too rational to do anything of the sort. And how strange to wedge Tintoretto's large and wonderfully animated "Christ Washing the Feet of his Disciples" into this same restricted gallery. Toronto has a well-known collection of Florentine Baroque bronzes, so it would be good to see still more of them in this intimate space.

Inside, however, there is no impression of scrapping. An austere white and slate-grey entrance hall is flooded with natural light from slits in its dramatic pyramid roof. At once attention is focussed on the heart of the matter: in an alcove at high level, Moore's "Draped Reclining Figure" surveys all who enter. Upstairs,

there stretches a beautifully rhythmic succession of seven double-height galleries with vaulted ceilings. Here Canadian contemporary art has its permanent space.

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Drama over Europe

AT GLASGOW'S Tramway Theatre, the Wrestling School, a company dedicated to Howard Barker's work, has this week been giving the world premiere performances of his *The Europeans*. The play is in every way a paradox, and means to be. It is a source of deep delight and for foreigners, the opportunity to see Canada's most beloved artists, such as Lismer, Varley, Emily Carr, Lawren S. Harris.

One thing which strikes the European visitor is the omnipresent acknowledgement of the benefactor. Every room is named for someone. Benefactors were even invited to "sponsor" the rehang of a picture in return for having their name on a plaque underneath for six months. Fund-raisers, take note.

The Joey and Toby Tanenbaum Sculpture Atrium, a spectacular glass lean-to structure, is one of many testaments to an art-loving Toronto dynasty. After starting in the demolition business, the Tanenbaums have become major art-collectors. They have been advised by the AGO, to which they have been major benefactors – a typically north American relationship which is unfamiliar to the British. At the AGO's opening, the announcement was made of a further \$4m gift from the family.

They are located amid a panoply of striking characters – the Emperor Leopold and his Empress; the painter who is to immortalise both ruler and war-victims; Starhemberg, the victorious general, is modest, inquiring, compassionate – and curious about the plight of those who have suffered worst. Katrin, a pregnant and mutilated victim of a Turkish gang-rape, is a glutton for martyrdom; she gives birth in a city square. He and she fall in love.

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TELEVISION

BBC1

7.25 News. 7.30 Henry's Cat. 7.35 Wc. Bang. 7.50 Litt' Bits. 8.10 Eggs 'n' Bakes. 8.30 Tom and Jerry. Greatest Hits. 8.30 Going Live! 12.15 Weather.

12.15 Grandstand. Introduced by Steve Rider, including 12.20 Football: A look back at the best of last weekend's action from the FA Premier League. 12.30 News.

12.55 Racing from Cheltenham: The 1.00 Hunter and Handicap Chase. 1.10 Skiing: The men descend downhill from Japan. 1.25 Racing: The 1.30 Hughes Grand National Trial Chase. 1.40 Rugby Union: Previewing this afternoon's matches. 1.55 Racing: The 2.00 Philip Morris Saddle of Gold Staymen Novice Hurdle. 2.10 Rugby Union: Live coverage of Wales v England from the National Stadium, Cardiff; highlights of France v Scotland. 2.30 Parc des Princes, Paris. 4.35 Final Score. Times may vary.

5.15 News.

5.25 Regional News and Sport.

5.35 That's Showbusiness.

6.05 Noel's House Party.

7.00 The Paul Daniels Magic Show.

7.50 Casualty. With guest stars John Duttine and Elizabeth Estensen.

8.40 Birds of a Feather. The Essex sisters come to terms with their husbands' imprisonment. Re-run of the first series of Laurence Marks and Maurice Gran's comedy, starring Linda Robson and Pauline Quirk.

9.10 News and Sport; Weather.

9.30 That's Life! Esther Rantzen continues her search for Britain's most Talented Town.

10.10 Match of the Day. Highlights from two of the day's top FA Premier League matches.

11.10 Film: Beneath the Planet of the Apes. Starring Charlton Heston. (1970).

12.40 Weather.

12.45 Close.

BBC2

8.10 Open University. 8.10 Voyages of Discovery. 9.15 Planets Earth: A Scientific Model. 10.00 Modern World: Conditioning. 10.25 Urban Habits. 10.30 The Encyclopaedia: The 18th Century French Encyclopedia. 11.15 Our World: Understanding the Oceans. 12.05 Venice and Antwerp Part One: The Cities Compared. 12.30 The Question of Sovereignty: The Cities Compared. 1.00 Climate of Opinion. 1.15 Global Warming. 2.10 Psychology: Personnel Selection. 2.35 Kodak Hall.

8.00 The Sky at Night. Patrick Moore visits New Mexico, home of the VLA (Very Large Array), the world's largest radio observatory. Shown last Sunday on BBC1.

8.25 Film: Sunday from the Hill. Robert Mitchum and George Hamilton star in this drama about a feuding family in America's Deep South, whose tight-knit existence is threatened by the father's wayward sexual appetite (1960).

8.50 Late Again. Compilation of highlights from last week's editions of The Late Show.

8.45 Script: Nicholas Jones takes a look at the work of parliamentary select committees.

7.05 News and Sport; Weather.

7.20 Sounds of the Seventies. The early 1970s saw the emergence of many 'progressive rock' bands playing guitar-based music with the emphasis on raw power and volume. This programme features performances by Free, Deep Purple, Jethro Tull, and Yes.

7.35 Fine Cut. The fourth programme in the series provides an insight into the life of the Ismaili family from Eritrea, North East Africa. Film-maker Nick Gifford focused on their life three years ago as they fled their home and sought a stricken country to live in the Wadsworth Refugee Camp in the Sudan. Impressed by their poise and dignity under such circumstances, he followed the family in the camp until their return to Eritrea.

8.25 Moving Pictures. American composer and conductor, the score for Red Robin's new film, A River Runs Through It. Directors Alan Rudolph and Kathryn Bigelow recount their experiences of working with Isham.

10.10 Film: The Moderns. Drama set in 1920s Paris starring Keith Carradine. (1988).

12.10 Film: Vertigo. Taut Hitchcock thriller starring James Stewart. (1958).

2.20 Close.

LWT

8.00 GMT. 8.25 What's Up Doc? 11.30 Movies. Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 Matlock. Defence attorney Ben Matlock interviews a suspect about the late mayor of Chicago while defending an ageing hippie activist accused of the man's assassination.

2.50 Hard Time on Planet Earth.

3.40 WCW Worldwide Wrestling.

4.40 ITN News and Results; Weather.

5.00 London Tonight and Sport; Weather.

5.10 Baywatch.

6.00 Blind Date.

7.00 Barrymore.

7.45 Inspector Morse: Happy Families. Morse (John Thaw) gets on the wrong side of a new Chief Superintendent when he and Lewis investigate the murder of a well-known businessman. The sombre detective's problems worsen as he finds himself on the receiving end of a bitter tabloid smear campaign. Guest starring Anna Massey, Alan Armstrong, Gwen Taylor and Martin Clunes.

9.45 The Big Fight - Live Robbie Regan, Danny Porter. Coverage from Cannes. Robbie Regan defends his European Flyweight title. Reg Gutteridge and Jim Watt provide the commentary, with expert analysis from Barry McGuigan. From New York, Jim Rosenthal previews Riddick Bowe's World Heavyweight Championship bout against Michael Dossett.

10.35 ITN News; Weather.

10.50 London Tonight; Weather.

10.55 Film: Bright Lights, Big City. Premiere of this 1980s brat pack drama based on Jay McInerney's cult novel. Michael J Fox stars as a young researcher whose life in the Big Apple begins to fall apart at the seams (1988).

12.55 The Big E.

1.55 Get Stuffed; ITN News Headlines.

2.00 Basketball.

3.00 Get Stuffed; ITN News Headlines.

3.05 New Music.

4.05 Rock Sport.

4.25 BPM; Night Shift.

CHANNEL 4

8.00 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 Songs and Memories. 12.30 pm Pete Smith Specialities.

12.45 Racing from Sandown, including the 12.55 Ripley Four-Year-Old Hurdle, 1.25 Scilly Isles Novices' Chase, 2.00 Tote Jackpot Handicap Hurdle, 2.35 Agta Diamond Chase (LHC cap), and 3.10 Agta Hurdle races.

3.30 The Yellow Balloons. Believing his son has killed his friend, a gullible youngster is blackmailed by an unscrupulous villain. Thriller, with Kenneth More (1953).

5.00 Fleguever. Animation.

5.05 Brookside.

6.30 Right to Reply. Sheena McDonald introduces more viewers' ideas and reports about TV: News.

7.00 A Week in Politics. The week's political news from both Houses of Parliament.

8.00 Adventures: Steaming Passions. Author Nigel Farwell discovers the love of steam engines is not limited to the men who travel on well-known steam-train routes by societies of enthusiasts and is surprised to discover a female ticket inspector on the North Yorkshire Moors line and a woman historian at the Fleeting Street Railway. He also meets Heidi Mikkelsen, taking an exam which will enable her to become the first woman in charge of a steam engine.

9.00 Stephen King's Golden Years. Final episode of the thriller series. Starring Felicity Huffman and Ed Lauter.

9.50 Good Night Norma. Good Night America. Simon by John Schnell, looking at the aftermath of a dinner party.

10.00 Saturday Zoo.

11.00 Ready Steady Go! Featuring The Beatles, Cliff Richard, Chuck Berry and Gerry and the Pacemakers.

11.25 Oprah. Oprah finds out why some men prefer their mothers-in-law to their wives.

12.30 Film: The Comedy Tragedy. Story of a silent film star, Dick Van Dyke, and the self-destructive egotist whose wayward habits and outspoken views lead to his downfall. With Mickey Rooney, Michelle Lee and Cornel Wilde. (1969).

2.15 The Word.

3.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES: ANGLIA:

1.05 Anglia News. 1.10 WCW Worldwide Wrestling. 2.00 The A-Team. 2.55 Hunters of the Reef. (1987) 5.00 Anglia News and Sport.

BORDERS:

1.05 Border News. 1.10 Kick Off. 1.20 Dark Journey. (1987) 2.00 Granada Sport Action. 5.00 Border News and Weather.

CENTRAL:

1.05 Central News. 1.10 Polly. (1988) 2.00 The A-Team. 3.35 WCW Worldwide Wrestling. 5.00 Central News. 5.35 The Central Match - Goals Extra.

GRANADA:

1.05 Channel Diary. 1.10 The Concrete Cowboys. (TVM 1979) 2.35 The A-Team. 3.35 WCW Worldwide Wrestling. 5.00 Channel News. 5.05 Puffin's Playtime.

GRANADA HEADLINES:

1.05 Granada Headlines. 1.10 Captain Plan-aid. 1.40 Speaking Our Language. 2.10 Tomas Tolbach. 2.15 A Charlacade. 2.15 Police News. 2.20 Floods of Fear. (1988) 3.35 WCW Worldwide Wrestling. 5.00 Granada Headlines 5.05 Granada Extra.

GRANADA SPORTS:

1.05 Granada News. 1.10 Kick Off. 1.30 Ursus and the Taras Princess. (1987) 3.00 Granada Sport Action. 5.00 Granada News. 5.05 Granada Extra.

HTV:

1.05 HTV News. 1.10 McCloud: Who Says You Can't Make Friends in New York? 2.10 The Egyptian. (1984) 5.00 HTV News and Sport. 5.30 HTV Weather. HTV News as HTV excepts No variations.

MERIDIAN:

1.05 Meridian News. 1.10 The Concrete Cowboys. (TVM 1979) 2.35 The A-Team. 3.35 WCW Worldwide Wrestling. 5.00 Meridian News. 5.05 Saturday Sport.

SCOTLAND:

1.05 Scotland Today. 1.10 Lavender and Shirley. 1.40 Speaking Our Language. 2.10 Celebrity Squares. (1987) 2.35 Scotland Today. 3.35 Rockstar. 5.00 Scotland Extra. 5.15 Cartoon Time. 5.30 The Box. 6.45 Scotland Today 10.30 Scottish Weather.

TYNE TEEV:

1.05 Tyne Teev News. 1.10 The A-Team. 2.10 The Spirit of St Louis. (1957) 5.00 Tyne Teev Saturday.

WEST COUNTRY:

1.10 Anybody Out There? 1.40 Westcountry Weather. 2.00 The Valley of Troy. (1985) 2.35 Out of Limits. 3.45 The Murdoch Today. 4.10 Movies. Movies. Movies. 5.00 Westcountry Weekend Latest.

YORKSHIRE:

1.05 Calendar News. 1.10 The A-Team. 2.10 The Spirit of St Louis. (1957) 5.00 Yorkshire News.

1.40 Wests as Gloucester and Worcester.

7.00 Early Morning. 12.00 The Wonder Years. 12.30 Sports Time. 2.10 Pencapriest Yum Gwai. 4.10 Racing from Sandown. 4.35 Run and High 1980 Magic Roundabout. 4.35 Now You're Talking. 5.00 New Edition. 5.30 Saturday Showtime. 7.00 Helen Yn Y Gwai. 8.30 Tocyn Tymer.

BBC1

7.00 Felix the Cat. 7.15 Smogges. 7.45 Playdays. 8.00 Blue Peter's Tracy Island. 8.15 Breakfast from 9.15 The Good Book Club. 8.30 The Day. (1982) See page 10. 10.30 Japanese Language and Poetry. 11.00 Carrering Ahead. 11.30 Off the Back of a Lorry.

12.00 Advice Shop. Topical welfare rights magazine with information on public services.

12.30 Countryfile. Discussing the latest rural, environmental and agricultural issues.

12.55 Weather for the Week Ahead; News.

1.00 On the Record. Political interviews and analysis.

2.00 EastEnders.

3.00 Columbo: Murder By the Book. The dishevelled detective (Peter Falk) tries to sort out the clues from the red herrings when he investigates the murders of two mystery writers.

4.10 Carbon.

4.20 Blitze.

5.00 The Clothes Show.

5.25 Antiques Roadshow.

6.10 News.

6.25 Songs of Praise. From Brentwood's Roman Catholic Cathedral of St Mary and St Helen in Essex.

7.00 As Time Goes By.

7.30 Lovelady. A flag from the American War of Independence is discovered hidden in a local church, and ownership is soon in dispute. Guest starring Michael Horne, with Ian McShane and Dudley Sutton.

8.25 So Heant Me.

8.55 One Foot in the Grave.

9.25 News and Weather.

9.40 Mastermind.

10.10 Heart of the Matter. Should the terminally ill be allowed to access to medical records? On February 19, Labour MP Mark Fisher will table a private member's bill to increase patients' access to private information. Is it dangerous to give people this right?

10.45 What Shall We Tell the Children? The last programme in the series investigated sex safe.

11.05 Famously Fluent. Lord Weatherill recalls how he learnt to speak Urdu.

11.10 Doogie Howser, MD.

11.35 This Country's Rockin'.

12.25 Weather.

12.30 Close.

BBC2

8.40 Open University. 8.10 Christopher Crocodile. 9.15 The Animals of Farsight Wood. 9.40 Time Stoppers. 10.05 Teenage Mutant Hero Turtles. 10.30 The Man from Her Very Men. 10.55 Blue Peter. Coronation Street. 11.15 The Zone. 12.00 Thunderbirds. 12.30 pm The Invaders.

1.40 Snooker: The Masters. Willie Thorne v Chris Small. The opening match of the tournament from the Wembley Conference Centre.

2.00 Around Westminster. Political review.

2.30 Millennium: Tribal Wisdom and the Modern World. Exploring how the nomadic Goba tribe of Kenya and the Makuna of the Amazon respect the fragile land on which they live.

3.30 Snooker: The Masters. John Parrott v Dennis Taylor, and news from the Willie Thorne v Chris Small match, from the Wembley Conference Centre.

4.35 Ski Sunday. The World Championships. Featuring the men's downhill from Japan. Can Franz Heinzl produce a perfect run down Mt Takakura to regain his title?

5.10 Rugby Special. Chris Fenn introduces highlights of England v Wales from Cardiff and Scotland v France from Paris. Commentary by Bill McLaren, Nigel Starmers, Eddie Butler and John Jeffrey.

6.10 The Natural World. Investigating the fates and fortunes of the tiny Arctic fox which has a well-insulated coat to help it survive in bitter winds and severe freezing conditions. Narrated by Bob Peck.

7.00 The Money Programme. John Penycate reports on attempts to privatise Russia's heavy industries, and asks how the West should react to the deepening crisis.

7.40 The Adventures.

8.20 Dancing. Exploring the relationship between professional performers and their audience.

9.20 Did You See?

10.00 Screen Two: Female Fatale. Starring Simon Callow and Amanda Plummer.

11.15 Snooker: The Masters. Steve Davis v Nigel Bond. From the Wembley Conference Centre.

12.15 Later with Jools Holland.

1.30 Close.

LWT

8.00 GMT. 8.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Package Pilgrims. 12.30 pm Crookstall; London Weather.

1.00 ITN News; Weather.

1.10 Walden.

2.00 Bright Lights, Big City. Examining the rise of TV from the 1930s to the 1960s, a time when most people still relied on traditional forms of entertainment.

2.30 The Match. Crystal Palace v Liverpool. Park Lane St John presents live coverage of the Coca Cola Cup semi-final between the teams from opposite sides of the Thames. Brian Moore and Roy Atkinson provide the commentary.

5.00 Wish You Were Here? Visiting Turkey, a fashionable 1990s holiday spot, including winter breaks in Istanbul. Anne Davies looks at Edinburgh from the point of view of someone confined to a wheelchair.

5.30 Bullseye. Three more teams compete in the darts-based quiz. Presented by Jim Bowen, with Tony Green ensuring fair play.

6.00 London Tonight and Sport; Weather.

6.20 ITN News; Weather.

6.30 The Goonies. A group of children discover a secret treasure map leading them to underground caves and the adventure of a lifetime. Children's fantasy tale, starring Josh Brolin, Sean Astin, Jeff Cohen, Corey Feldman and Martha Plimpton (1985).

6.35 You've Been Framed!

6.55 ITN News; Weather.

9.15 London Tonight; Weather.

9.20 Agatha Christie's Poirot. The Belgian detective is called in to investigate a killing when a misogynist businessman is murdered. With David Suchet.

10.20 Hale and Pace.

10.50 The South Bank Show. About Annie Leibovitz, the world's highest-paid photographer. She talks about her drug addiction and American politics and popular culture.

11.50 Encounter. New series. Cue the Music.

12.00 Get Stuffed; ITN News Headlines.

1.25 TXT.

2.25 Summerrock.

3.25 Get Stuffed; ITN News Headlines.

3.30 Snooker.

CHANNEL 4

8.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 The Miraculous Mellops. 10.45 Land of the Giants. 11.45 Little House on the Prairie. 12.40 pm Football Club. 12.55 Gazzetta Sport.

1.10 Film: The Pirates of Penzance. Spirited adaptation of the Gilbert and Sullivan operetta. Also starring Linda Ronstadt and Angela Lansbury (1983).

2.30 The Match. Crystal Palace v Liverpool. Park Lane St John presents live coverage of the Coca Cola Cup semi-final between the teams from opposite sides of the Thames. Brian Moore and Roy Atkinson provide the commentary.

5.00 Song of the Prairie. Puppet parody of old American musicals.

5.10 News.

5.15 High Interest: On the Buses. About London's planes to put red bus companies up for sale. Can anything be learned from the crisis in Manchester?

5.30 Bullseye. Three more teams compete in the darts-based quiz. Presented by Jim Bowen, with Tony Green ensuring fair play.

6.00 London Tonight and Sport; Weather.

6.20 ITN News; Weather.

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2.25 Summerrock.

3.25 Get Stuffed; ITN News Headlines.

3.30 Snooker.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES: ANGLIA:

1.05 Anglia Food Guide. 12.55 Anglia News. 2.00 Game of the Week. 3.00 The Village Show. 5.00 Anglia News on Sunday.

BORDERS:

1.05 Morning Worship. 12.30 Gardner's Diary. 2.15 Border News. 2.00 Red Nine. 8.00 The Border Weather.

12.30 Gardening Time. 12.55 Central News 2.00 Coach. 5.00 Ballysteane. 5.30 Highway to Heaven. 6.15 Central News.

CHANNEL:

12.30 Reflections. 12.35 Rendez-Vous. 12.45 The Big Picture. 12.55 Royal Wedding Masters. 5.00 Rockstall. 5.15 Ballysteane. 5.45 I Can Do That. 5.15 Channel News.

GRANADA:

1.05 Granada Time. 11.00 Oceanair. 11.45 Link. 12.00 The Village Show. 12.30 Granada News.

1.40 Granada as Gloucester and Worcester.

7.00 Early Morning. 12.00 The Wonder Years. 12.30 Sports Time. 2.10 The Munster Today. 3.00 Cork Today. 5.15 Coronation Street. 6.15 Granada News.

HTV:

12.30 HTV News. 12.30 HTV Newsweek. 2.00 Bloodline. 2.15 East. 2.45 WCW Worldwide Wrestling. 5.45 Bullseye. 6.15 HTV News. 9.15 HTV Weather.

HTV News as HTV excepts 12.30 Bloodline.

1.05 HTV News This Week. 12.55 Meridian News. 2.00 Starmasters. 5.00 Rockstall. 5.15 Ballysteane. 5.45 I Can Do That. 5.15 Meridian News.

SCOTLAND:

1.05 Scotland Today. 1.10 Link. 11.45 Deansmead. 11.45 Link. 12.00 The Village Show. 12.30 Package Pit-prime. 12.55 Scotland Today. 2.00 Scottish Questions. 2.30 Rockstall. 3.00 Burns in Beloit. 3.15 East. 3.45 Rockstall. Tonight. 3.45 Scotland Today. 5.05 Burns. 9.15 Scottish Weather.

TYNE TEEV:

12.25 The Little Hobo. 12.30 Tyne Teev News. 2.00 For Real. 5.00 Cartoon Time. 5.20 Bullseye. 5.50 The Back Page. 6.15 Tyne Teev News.

1.20 Wests as Gloucester and Worcester.

12.30 West. 12.55 Westcountry Weekend Latest. 2.00 Westcountry Update. 5.05 Bullseye. 5.30 Tyne Teev. 5.45 Wests. Only. 6.15 Westcountry Weekend Latest.

YORKSHIRE:

12.25 The Little Hobo. 12.30 Calendar News. 2.00 For Real. 5.00 Cartoon Time. 5.20 Bullseye. 5.30 Tyne Teev. 5.45 Wests. Only. 6.15 Westcountry Weekend Latest.

14.00 News.

15.00 News.

16.00 News.

17.00 News.

18.00 News.

19.00 News.

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41.00 News.

42.00 News.

43.



IT SEEMS that the British are finally to be educated about chess.

On Monday *The Sun* newspaper, in its own inimitable style, published "Ten things you didn't know about Nigel Short". This sort of accolade *The Sun* normally reserves for pop stars and soap actors, but Short is about to become as much a household name as any in these categories. Following his victory a week ago in the final eliminator of the three-year-long world chess championship, Nigel will in September become the first Briton to contest a match for the title, and the only the third non-Russian since 1927.

Short is set to do for chess what John Curry and Robin Cousins did for ice-skating: turn it into a British craze, particularly among the young. *The Sun* is right, therefore: the time has come to explain the

A-Z of chess begins with K

Dominic Lawson lists 10 things you probably did not know about Short's sport

game of kings in a way which is

wrong letter, he replied that he had looked into this, and that three of the 12 official world champions since 1856 began with S - Wilhelm Steinitz, Vassily Smyslov and Boris Spassky - and that this made the letter S the most successful and desirable chess initial. But Nigel admitted he is hedging his alphabetical bets: his guru and coach is grandmaster Kavalek.

Those who followed Short's recent victory will note that his opponent, Jan Timman, was from the Netherlands. The only European to have won the world championship in the past 60 years was another Dutchman, the late Max Euwe. Theories have been advanced that the flat terrain of the Nether-

lands is responsible for the national success at chess. Pieces never slide off the board, which aids concentration and analysis.

The British chess master and industrial psychologist William Harston has attempted to apply similar arguments to chess ability. Players with close-set eyes are likely to miss moves at the outer areas of the board, while players with wide apart eyes are vulnerable to thrusts in the middle of the board, players with long arms like to make extended, sweeping moves, and so on. There is no proof of any of this, but it might also all be true.

I am often asked: "Is there hooliganism in chess?" The answer, I am afraid, is yes. The Romanian

grandmaster Florin Gheorghiu is in the habit of hurling the pieces at the board with such ferocity that they have been known to bounce up and strike opponents on the head.

Even the world champion, Gary Kasparov, is prone to smearing openly at his opponents' bad moves. Once he did this to the US champion Yasser Seirawan, and Seirawan snarled over such simplicities as Korchak, Karpov and Kasparov, I fear for the worst when Kasparov plays against Short the name of Kasparov's chief aide is Zurab Azmarapashvili. It is a disaster waiting to happen.

■ Dominic Lawson is editor of *The Spectator*.

HE WAS A white male "colonizing tourist" who, to boost his career, went to Tahiti and exploited a 13-year-old girl called Teha'amana, his native wife, by painting her naked on a bed.

That is Gauguin, as seen through the eyes of Professor Griselda Pollock, a feminist art historian.

To be sure, she does not put it quite so baldly. Here is a specimen comment on Gauguin's nude, *Manao Tupapau*, from a book of hers published this week:

"The culturally feminized and racially othered body also carries the projected burden of the cultural lack - the *ennui* - experienced by some of the Western bourgeoisie in the face of capitalism's modernity."

Well, I suppose she is right. I felt a bit like that myself when I visited Tahiti and was asked by the beautiful leading canoeist of Brando's *Mutiny on the Bounty* if I would like to marry her daughter. But does it matter to Art if Gauguin behaved like a pig with women?

I complained to Prof Pollock: You never say whether you think Gauguin was a good painter or not.

"I don't think it's particularly relevant," she answered. "You see, assuming that the only justification for studying anything in the past is because we think it is good raises the question: Good for whom? Who said so? By what criteria? I much prefer to say: historically these people were active."

Griselda Pollock is Professor of Social and Critical Histories of Art at the University of Leeds in Yorkshire. She is a leading British feminist with a Marxist perspective who represents what is called the new art history. She has the reputation of being very tough and ambitious.

After reading her new book and her earlier *Old Mistresses* written with fellow-feminist Rozsika Parker - the title is the only joke in it - I did not expect to find a prettily-smiling feminine person with fluffy blonde hair (OK, it was dark at the roots) nor to hear her admit: "People often say they expected something different from this sort of floozy blonde."

But I soon saw the tough side. The moment we sat down she switched on a tape-recorder.

Prof Pollock started by explaining her version of the new art history. She told me it was not only about "the repressed question of gender". It was not even about restoring to women painters (there are few in history, but not as few as you think) the place denied them by men.

Its domain included race and class, exploitation and profit, the way curators "choreograph" painters' work and art experts manipulate their saleroom value. The idea that works of art are purely aesthetic objects is a 20th-century fetish, she said.

Nor was she engaged in psychotherapy. "I am not trying to peek in, to get behind the mask and tell you the inner man. I'm trying to work from the pictures to construct the conditions of those pictures' production, what motivated them, how they were first perceived."

Do you actually look at paintings?

"Social historians pay infinitely more attention to art than the traditional art historians," she replied firmly.

Prof Pollock is convincing but long-winded. It was difficult to interrupt her. When I asked her whether she actually liked painting, or preferred one painter to another, she finally relented.

"Yes. Ten years ago I would have said art is the product of the social and ideological conditions of its time, which is a strategy for distancing yourself from the overwhelmingly celebratory, mystical view."

"Now I feel much more able to relax a bit and say I think it's won-



Ashley Ashwood

Private View/Christian Tyler

Sex secrets of art history

derful. I mean, I think art is so brilliant. I admire the whole process. I wouldn't dedicate my life to studying it. I wouldn't be so hungry to understand it. If I was not quite literally made speechless with admiration at what artists can do."

Do you get same feeling when you see an exhibition of dirty nappy-liners? (I was referring to Mary Kelly's *Post-Partum Document* shown at the ICA in 1976.)

She replied: "It wasn't an exhibition of nappy liners. That's a *Daily Mail* view. It's in the ordering, not the message of a Rubens painting of Christ depended on the spectator's knowledge, conceptual art was legitimate to those who bothered to learn the language."

Why are you a feminist art historian not just a female one?

"There are no such things as female art historians. If you are a woman you are required to be a professional transvestite. To be a feminist art historian is to say the world might be slightly different from the point of view of women. Women travel in social space differently. I can't walk down the street in the same way as you do."

I asked her about *The Nude*. Is it wrong for men to have used women's bodies for so many hundreds of years?

"Not wrong in the moral sense. It is typical of our culture in so far as it privileges masculinity."

You quote with approval a theory that men's idealisation of naked women is due to their fear of losing

their willies. Might it not just be because they like the look of a naked woman lying on a bed?

"If you liked the look of a naked woman lying on a bed you wouldn't make nudes. If you actually liked women as Stanley Spencer seems to have done, you would look at the form in which their bodies actually come. The point is that looking at women is extremely difficult for men because the body of woman has become for men a sign of the danger to themselves."

"I don't say you can't have your fantasies. But at whose cost? That's

Weren't you pretty too?

"I was a sad, earnest young woman who wanted to get an education, and passionately wanted to be allowed to be a thoughtful and sensible person."

"I saw these louts who got degrees by playing rugby and so on while we were being told (by the careers office) to go and be these men's secretaries. I thought that was unbelievably unjust."

At the Courtauld Institute she was asked to give up her scholarship in favour of a man, realising the women students were not being

man word for Yiddish. (I could find no support for this in the dictionary.)

She was much angrier when I accused her of writing in a way that obscured an interesting story and using terminology that would appeal only to feminists.

An altercation ensued and she said: "I write with incredible passion and with a sense this is relevant, not academic. It may be hard, it may be challenging. It may be unfamiliar vocabulary. But I will not give an inch to what I see as phallic, anti-intellectual British

She recalled a stage of her activism which she described as a kind of political lesbianism. "I have very many dear, dear friends who are lesbians. But no. On the other hand, it's very difficult because I don't think men in general find powerful, intelligent women particularly attractive."

"I sometimes wish men were more understanding of their own anxieties so that they could take responsibility for them and engage more easily with women who are attractive as people."

"To be an attractive woman in a situation like I am means that men just get horribly confused all the time. Because I'm meant to be the receiver of their intellect and then I'm meant to give the gift of my sexual compulsion. That's the game. When I promise to be 'a good wife in Israel' (the phrase from the marriage service) I take that very seriously. I am not available for game-playing."

"I am deeply concerned with violence and violation, and art is concerned as much with that as it is with what is subtle, empowering, creative. We need to have both versions of it."

The wrestling over, Professor Pollock was flushed but smiling sweetly once more. Conscious now of my masculine deficiencies I tried my best to look neutral. Forget the tender trap, I thought. This is the gender trap.

■ *Avant-Corde Gambits*, the 1992 Walter Neurath memorial lecture, is published by Thames and Hudson, £6.95.

From page 1

These are picked up by sensors, which measure precisely its position and make course corrections if needed. Oilmen can even go past a reservoir and bore into it from underneath if their geologists reckon that will yield more oil.

All this has slashed costs. Gordon Culloch, a burly Mississippian with the Santa Fe company, which operates the rig, says drilling innovations have halved the average time taken to bore a North Sea well to 30 days. "What it's all about is productivity," he says. "Fields are going to get smaller, and we just have to be more efficient. There's no future for guys who can't do that."

About a dozen oilfields continue to be found each year. Most of them are much smaller than Nelson, but they help to preserve Britain's reserves-to-production ratio - a key measure of how long the oil will

last. In fact, the present gloom might be deceptive. Most forecasters believe UK oil and gas output will surge to a new peak during the late 1990s as the Nelson generation of wells comes on stream.

And oil companies have far from exhausted the search. "There's 10 years of healthy exploration left in the North Sea," says John Hogan, North Sea managing director of Lusmo, which part-owns Nini's Lusmo. He has several other projects going and expects to double its output of oil, and treble its gas output, by 1997.

Just as important as the rate of discovery is the advance in extraction technology. A striking example is Brent, where Shell and Esso are spending £1bn rejuvenating one of

the UK's earliest and largest fields. As oil output declines, the field is being switched gradually to extract the huge bubble of gas which has accumulated at the top of the reservoir. Shell's engineers reckon they can give Brent new life as a gasfield, producing 500m cubic feet a day - 5-10 per cent of Britain's needs.

Oil seldom runs out completely. Man either finds new ways of extracting it or the threat of short-term price spikes up to levels that trigger fresh investment. "We went to Brunel in 1921 thinking the oil would last until 1935," says Jerry Saville, until recently Shell's personnel director in Aberdeen. "We're still there."

Although oilmen complain about the UK's high costs, they still see

the North Sea as one of the world's most attractive exploration areas because of the high quality of the oilfields and the hospitable political environment. "It's the centre stage," says Santa Fe's Culloch. "In the US, oil is seen as a sunset industry. Here, it's still exciting and glamorous."

So, what does our swing through the rigs tell us? All the big fields have been found, and some are tailing off already. But the high level of activity and technological advance actually creates new grounds for hope. Estimating the life of reserves is a notoriously inexact science. The Department of Trade and Industry has calculated that, at the very least, the UK still has 855m tonnes of recoverable oil. At the present production rate of 91m tonnes annually, that is enough for a mere six years. Nobody believes things are that bad, though.

The DTI's maximum estimate is 1,960m tonnes, enough for just over 20 years, which is the sort of figure you hear more often in the oil industry. But the big change that will occur during the 1990s is foreshadowed by developments at Brent. Gas will become much more important: BP estimates it will account for as much as 40 per cent of North Sea hydrocarbon output by 2000, and that this share will go on rising into the next century. This is what underlies the "dash for gas" which has been blamed for squeezing coal out of the power generation market. The DTI's estimates of

known gas reserves would last up to 36 years at present consumption rates. True, gas consumption will rise sharply in the years ahead - but we may have discovered only half the gas that exists.

So, the North Sea is at something of a turning point. "We've left the pioneering age behind us," says Jan Veldwijk, a Dutchman who heads the local operations of Rockwater, a specialist in underwater contracting. "We mature all the time. We're harvesting experience."

The old image of gigantic platforms pouring out oil needs to be discarded. In its place, think of high-tech rigs sucking oil from dark corners, and gas hissing out of valves plugged into the sea floor. There could even be enough hydrocarbon and gas to last half a century. By then, who knows what amazing new fuel source might have been invented.

Still plenty of North Sea life

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Game, set, match

Michael Thompson Noel



FOR TWO hours on Thursday I banged balls with my tennis coach, Jasper Strong. I haven't mentioned my tennis coach before. The reason I haven't mentioned him is that I resent the hand he was dealt by the gods and goddesses that presided at his birth.

Jasper Strong is 5ft 5in to my 6ft 2in. He has long blond hair and the physique of a discus-hero-at-Olympia. He is 23 years of age and has never been told, as Joan Didion once put it, that golden lads and girls all must as chimney sweepers come to dust. Result: he lives in a fantasy world where everything - especially the future - looks "brilliant."

On Thursday we worked on my backhand volley. Eventually (we have a machine that measures this), Jasper was hitting forehand drives at 273mph at my left eyeball. At those sorts of speeds, one slip and you're dead; the ball would splatter your brain.

Afterwards, we sat on the clubhouse steps and Jasper ribbed me about John Major's recent upbeat speech at a Tory fund-raising dinner. According to the prime minister, the British have a genius for running themselves down. "It's time to start selling Britain abroad," he said. "And stop selling Britain short." There were sound reasons for optimism about

HAWKS & HANDSAWS

Britain's prospects.

"I suppose," said Jasper pleasantly, "that John Major was taking a swing at all you whingeing Wilhelminas in the media. You're doomsayers and pessimists. You trade in misfortunes. Major must be sick of you. Life is really quite enjoyable, you know."

"Jasper," I said, "it wasn't until I read John Major's cataclysmic chipper speech in Glasgow that I realised how far down the slippery slope we really are. We are gnomes, Jasper. The show is over. Game, set and match. Or virtually."

"That's not what cataclysmic means."

"Never mind. Until that speech I had the whimsical notion that we might just pull through. Now I'm certain we are doomed. The trouble with mankind is its optimism. At present, a few John Bull characters are telling us there is nothing to fear but fear itself; that the recession is a hiccup; that Man's ascent from the primeval soup to mastery of the galaxy will shortly recompence. Do not believe a word of it."

Jasper stirred uneasily. He is not used to hearing things spelt out. Apart from me, all his clients are rich women who live in the vicinity of London's Kensington Church Street: fantasyland, dayworld.

"The biggest problem of all," I said, "is unchecked population growth, but no politicians are grappling with it. John Major doesn't know whether *sterling* should go up or down, so how can he envisage the prospects implicit in runaway population growth? The UN reckons that world population will plateau by 2100, at around 11.5bn, more than twice 1990's 5.5bn."

"But an environmental crisis caused by pollution and consumption is already strangling us. Deforestation. Land degradation. Red tides. The ozone hole. Possible global warming. Mass extinction of species and attrition of biological diversity. Ahead of us lie what Paul Harrison, a population expert, calls four decades of the fastest growth in human numbers in all history."

"You should read Harrison's book, *The Third Revolution*. He says that the population battlefield has been stamped into a morass. On one side are the Cassandras, the more extreme of whom blame overpopulation for almost every ill that human flesh is heir to."

"